

Austria	Sch. 15	Indonesia	Rp 25.00	Portugal	Esc 40
Belgium	Bel. 650	Ireland	1.1200	S. Africa	Rc 40
Bulgaria	BF 28	Japan	Y500	Singapore	Si 10
Canada	CS 22.00	Jordan	Rs. 500	Spain	Pts 100
Cyprus	CS 22.00	Kuwait	Rs. 500	Sri Lanka	Rp 20
Denmark	DK 2.50	Liberia	Ec 1.25	Sweden	Sk 1.50
Egypt	EG 1.00	Malta	Ec 1.25	Switzerland	Fr 1.50
Finland	Frk 5.50	Morocco	Rs. 4.25	Tunisia	MT 500
France	Fr. 8.00	Morocco	Rs. 4.25	Tunisia	MT 500
Germany	DM 2.00	Morocco	Rs. 4.25	Tunisia	De 6.00
Hong Kong	HK 12	Morocco	Rs. 4.25	Tunisia	De 6.00
Ireland	Rep. 15	Philippines	Pes. 70	U.S.A.	\$1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,486

Wednesday November 28 1984

D-8523 B

U.S. moves to prise
Iraq from
Soviet grip, Page 4

NEWS SUMMARY

GENERAL

British diplomat shot in Bombay

Indian police were hunting for two foreigners believed to be responsible for the assassination of Britain's diplomatic representative in Bombay. Mr Percy Norris, Deputy High Commissioner, was shot in the heart and head as he was driven to his office in the crowded commercial centre of Bombay.

There was speculation that the assassination might be linked with Sikh unrest in India and with the activities of Sikh extremists in the UK. Page 4

Gibraltar move

Britain and Spain agreed to hold negotiations on the future of Gibraltar, including the question of sovereignty, and to open the border between Spain and the British colony closed in 1969. Page 10

Hijack ends

Three Somali hijackers surrendered in Ethiopia and freed 108 people held hostage for three days, after they won a reprieve for seven Somalis facing death sentences for activities against the state.

Israeli bomb raids

Israeli forces bombed Palestinian bases in the Bekaa valley, Lebanon, for the first time in 11 weeks and mounted a tough security programme in the occupied south.

Beagle treaty

Argentina and Chile will sign a treaty in the Vatican on Thursday to settle their 100-year-old border dispute over the Beagle Channel. Page 35

Bogota attack

A bomb attack on the U.S. embassy in Bogota which killed one person and injured five could mark the start of a violent campaign against U.S. interests by Colombian drug traffickers. Page 7

Plot foiled

Bomb police said they had foiled a bomb attack on the U.S. embassy and arrested seven Lebanese who described themselves as supporters of Iranian leader Ayatollah Khomeini.

Romania expels 4

The Romanian Government ordered the expulsion of four members of West Germany's embassy staff in Bucharest in retaliation for the expulsion of five Romanian diplomats from Bonn last month.

Chile explosions

Several bombs exploded in Santiago, including one near the presidential palace, on the eve of two days of protests against President Pinochet's military Government. Page 7

Philippines march

More than 10,000 people marched through Manila to mark the 33rd anniversary of the birth of opposition leader Benigno Aquino.

Lisbon pact talks

Portugal's ruling coalition parties, the Socialists and Social Democrats, whose partnership was under stress, launched a radical review of their pact. Page 2

S. African arrests

South African police arrested four people who sang "Happy Birthday" outside the UK consulate in Durban to one of the three dissidents sheltering there.

BUSINESS

French steel group cuts jobs

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE U.S. Treasury's long-awaited plan to simplify the American tax system would lower both corporate and individual tax rates, but increase the overall burden on many big companies by eliminating or reducing permitted deductions. Administration officials said yesterday.

The proposals, the result of a year-long study, were presented to President Ronald Reagan's full Cabinet yesterday and were later to be publicly unveiled by Mr Donald Regan, the Treasury Secretary.

The aim of the proposals, at the President's request, is to be "revenue neutral" meaning that they would not increase the total tax take or directly affect the federal budget deficit.

The Treasury's tax plan proposes a "modified flat tax", the concept of which Mr Reagan has already generally approved, under which the number of personal income tax brackets would be reduced from 18 to three and corporation tax lowered from 46 to 33 per cent.

Personal income tax rates would be set at 15, 25 and 35 per cent, compared with the current spread of 11

to 50 per cent. With fewer deductions, however, individuals would have to pay tax on a larger portion of their income.

Administration officials said that the net result would be an average reduction of 8.5 per cent in individual tax payments, with the middle classes gaining the most and the very rich paying considerably more.

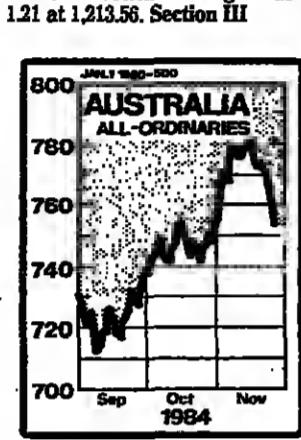
There would be a cut, or no increase, in taxes for 80 per cent of American households, officials said.

Changes in corporate tax breaks, on the other hand, would lead to an overall increase in taxes paid by large corporations, particularly those engaged in heavy industry.

Because of special deductions, the effective corporate tax rate is currently much lower than the official rate of 46 per cent - perhaps as little as 18 per cent, according to one congressional study.

The two largest corporate tax breaks - investment tax credit and the rapid depreciation provisions of Mr Reagan's 1981 business tax reforms - would be repealed or replaced, the officials said. The two deductions, mainly benefiting companies investing heavily in plant,

Continued on Page 16



AUSTRALIA: Share prices fell sharply on the Sydney Stock Exchange and the All Ordinaries Index suffered its biggest one-day decline since June, to 752.7 from 765.5. The fall was attributed to weak bond prices in New York. Section III

DOLLAR eased in London to \$3.0580 (DM 3.0610), FF 9.3550 (FF 9.3750), SwF 2.5280 (SwF 2.5240) and Yen 245.4 (Yen 246.1). On Bank of England figures its trade-weighted index slipped to 141.7 (141.9). Page 35

STERLING rose 0.4 cent in London to \$1.2085, also firming to DM 1.6925 (DM 1.6775), FF 11.30 (FF 11.28), SwF 3.0475 (SwF 3.03) and Yen 126.5 (Yen 125.5). Its exchange rate index rose to 74.0 (74.2). Page 35

GOLD fell \$3.25 in London to \$333.75, in Frankfurt and Zurich it finished at \$332.25. Page 34

TOKYO shares picked up from the easier trend seen in the early part of the session, taking the Nikkei Dow market average 21.16 higher at 11,184.12. Section III

LONDON equities encountered selective institutional support after a virtual absence of sellers, and the FT Industrial Ordinary index added 3.2 to an all-time high of 923.3. Gilt rates regained part of their early losses. Section III

Two changes are to be made in the make-up of the FT Industrial Ordinary Share Index from next Tuesday. British Telecom will join the list of 30 shares, along with National Westminster - the first financial group to be included in the index. They will take the place of Bowater and TI Group. Reflecting these changes, the measure will be renamed the FT Ordinary Share Index. Feature, Page 14

THE PHILIPPINES is to launch a whirlwind syndication of a new money loan totalling \$925m from commercial bank creditors at the end of this week with banks asked to provide their commitments in only ten days. Page 16

CHEVRON CORPORATION and Texaco announced that two of their subsidiaries have signed a contract with Pertamina, the Indonesian national oil company, to seek and develop geothermal resources in the Darajat area of West Java.

INTASUN LEISURE, Britain's second largest tour operator, launched a £44m (\$52.8m) bid for Comfort Hotels, Comfort, meanwhile, launched its own agreed bid for a UK hotels group. Page 16

HYDRO-QUEBEC, Canada's largest power producer and a heavy borrower on international capital markets, suffered a C\$122m (US\$83.1m) loss in the third quarter because of sharply higher interest and depreciation costs. Page 17

U.S. plan for tax reform would hit large companies

Chase prime cut brings rate level split

BY WILLIAM HALL IN NEW YORK

CHASE MANHATTAN, the third biggest bank in the U.S., cut its prime lending rate by half a percentage point to 11 1/4 per cent yesterday, leapfrogging some of its rivals which had lowered their prime rates to 11 1/2 per cent on Monday.

Chase's move, announced early yesterday morning, was not immediately followed by other leading U.S. banks. Money market analysts continue to forecast further falls in U.S. prime rates and say they expect to see differing rates for the next few days until the banking community decides on the general level of the key lending rate.

Several smaller regional banks yesterday followed Citibank, First Chicago and Mellon and raised 11 1/4 per cent prime lending rates. Most of the U.S. money centre banks held their prime rates at 11 1/2 per cent yesterday but analysts believe they will move shortly.

Mr Philip Braverman, chief economist of Briggs, Schaeble & Company, said yesterday there was nothing unusual about the current split in prime rates. He said that on the basis of current money market rates, U.S. bank prime lending rates "belong at 11 per cent or lower."

He said: "It always takes time for prime rates to move down to the

Bayer expects record profits after 62% boost in nine months

BY JOHN DAVIES IN FRANKFURT

time. North American sales were up 28.1 per cent to DM 7.8bn in the first nine months of the year and would probably exceed \$3bn or DM 9bn in the whole year, with profits reaching about DM 600m, he said.

There were no plans for Bayer to bring its U.S. subsidiaries to the stock market, however, or to give Bayer shareholders a direct stake in the U.S. subsidiaries, he said.

Partly for tax reasons, Bayer would continue to use profits from its foreign subsidiaries to build up the group's financial strength, while paying an "appropriate" dividend from the parent company's activities.

Bayer lifted its group worldwide sales revenue to DM 32.4bn in the first nine months of this year, 17.1 per cent ahead of the same period last year.

The parent company, based in Leverkusen, lifted sales 13.1 per cent to DM 12.4bn, with pre-tax profit 31.2 per cent ahead at DM 980m.

Herr Strenger said Bayer remained committed to its Leverkusen base but foreign business was becoming increasingly important. The group had 79 per cent of its sales revenue from abroad in the first nine months of this year.

He said that Bayer's profit increase simply meant that it had regained the yield on capital and

sales of the early 1970s. The company was aiming at a sustained improvement in its profitability and would take a hard look at weak spots.

Bayer's financial position was being carefully controlled and costs were under continuing scrutiny, Herr Strenger said. With sales, earnings and liquidity all improved, Bayer was able to reduce its short-term borrowing and the parent company would show positive interest rate earnings this year for the first time since the second world war.

Agfa-Gevaert, Bayer's photographic supply subsidiary, would almost triple its pre-tax profits this year to about DM 600m. The "problem child" of previous years had developed into a thriving business, he said.

Even so, the recent decision to abandon plans to operate a newly built arachnidum plant at Schenle Chemie - which is jointly owned by Bayer and Ciba-Geigy of Switzerland - would mean write-offs and operating losses of DM 350m for Bayer this year, he said.

The plant, which was to produce materials used in making dyes, had insurmountable technical problems.

Herr Strenger said that Bayer's group sales revenue should reach about DM 42bn this year.

DM 10bn which the Government had originally been forecasting.

Part of the exceptional surge in exports in October to DM 57.9bn may be because of the catching up on deliveries delayed by the protracted strike in the engineering industry in early summer.

The main explanation, however, is generally thought to be the sustained strength of the dollar. This has led to a 50 per cent jump in West German exports to the U.S. and held the D-Mark artificially low against the currencies of Bonn's principal trading rivals within the European Community.

Most analysts believe that foreign demand will be a less influential factor in domestic growth in 1985. Yesterday's news from the

Continued on Page 16

Bonn refuses to sign Law of Sea convention, Page 3

U.S. set to suspend imports after rejecting EEC pipe pact

BY NANCY DUNNE IN WASHINGTON

THE U.S. yesterday rejected a proposed bilateral pact on EEC steel pipe and tube exports and said it would suspend all imports from tomorrow until the end of the year.

The announcement came a day after Mr Bill Brock, the U.S. Trade Representative, and Mr Malcolm Baldridge, the Commerce Secretary, met U.S. steel producers to hear their assessment of a problem which would have limited EEC pipe and tube exports to 7.8 per cent of the U.S. market. The meeting was described as "stormy."

EEC shipments account for about 14.9 per cent of the U.S. market this year. In a 1982 informal exchange of letters, EEC officials implied that

they would try to keep European penetration at 5.8 per cent.

In Washington, the Community was expected to announce cancellation of the informal pact, a move which could make the U.S. 5.9 per cent quota illegal under the General Agreement on Tariffs and Trade (GATT). Its legality may also be questionable under U.S. law.

The Commerce Department has said it is operating under the 1984 Trade Act which made voluntary restraint agreements legally enforceable. By annulling voluntary restraint agreement, the Community may now move the legitimate basis for the U.S. suspension of imports.

Unless U.S. and EEC officials can find some last-minute approach for

putting the negotiations back on track, the embargo will go into effect tomorrow. EEC pipe and tube shipments arriving in U.S. ports will not be turned back to exporting countries but can go into customs-bonded warehouses, for withdrawal and formal entry into the U.S. market after December 31.

Mr Baldridge was reported to have discussed the U.S. decision yesterday with M. Etienne Davignon, EEC Commissioner, by telephone.

Imports from the EEC will be limited to 563,638 net tonnes next year if the U.S. action holds.

EEC-Spain steel talks, Page 3;

GATT attack on U.S., Page 6

Portugal: political impasse slows economic progress . . . 2

Gulf: U.S. moves to prise Iraq from Soviet grip 4

Uruguay: elections raise expectations 7

EUROPEAN NEWS

Diana Smith in Lisbon reports on worries about the country's nationalised industries and trade performance

Political impasse holds up economic progress in Portugal

DISPUTES between Portugal's Socialist Party and Social Democrat Party (PSD), uneasy partners in the 18-month-old ruling coalition, are worrying Portugal's financial authorities.

Friction caused by premature wrangling over strategy for the presidential elections, not due until late 1985, has led to a slackening in government economic action. It is felt that unless the political impasse ends rapidly, this year's strong improvement in the external accounts could falter.

Decisions on the size and structure of overscaled, financially-burdened public enterprises and on legislation affecting banking and investment incentives should have been taken months ago. But tension between the two ruling parties, each of which blames the other for lack of forward economic action, has again made the fragile economy vulnerable to fractious party politics.

Although the situation has not reached the disarray of late 1982 when bickering in the former ruling alliance between the PSD and Christian Democrats gravely hurt Portugal's creditworthiness, a recurrence of PSD pressure and quarrels is a distinct possibility.

Thanks to ruthless economic cooling from late 1983 and throughout 1984—too ruthless for some economists because it bred soaring unemployment and a 10 per cent drop in buying

power for Europe's lowest-paid workers—Portugal made an impressive turnaround in its external accounts. This pleased the International Monetary Fund (IMF), whose tough \$350m standby agreement with the Soares administration winds up next February.

The IMF is less pleased with persistent public overspending and the half-hearted correction in 1984 after an energetic start in 1983 of heavy subsidising of commodity prices at controversial cost to the taxpayer and treasury. The October 1983 agreement with the IMF promised drastic reduction of the weight and deficits of the funds

paying the subsidies. But subsidy cuts require a confident political stance.

Slack private consumption and healthy growth of exports, tourism and emigrant remittances reduced the balance of payments deficit on the current account by the end of 1984.

In 1985 when some economic growth must be permitted after 18 months of restrictive months, some import recovery is expected. But since good export performance should be sustained, the authorities expect to end next year well within the current account deficit target agreed with the IMF.

This year's restrictions and a dramatic drop in private sector investment shrank the Portuguese economy by 1.5 per cent in 1984, so much that the authorities expect 3 per cent growth, although some officials think it may be difficult to moderate growth of more than 2 per cent because of the depth of the 1984 depression and decrease in confidence.

Management of the foreign debt has been helped this year by generation of export income. The foreign debt by December 1984 should be \$15.5bn, a 7 per cent increase over 1983.

The short-term ratio has dropped to 22 per cent, com-

pared with a high of 33 per cent in early 1983. Debt repayment peaked at \$1.5bn in 1984; so much that the authorities could pay the BIS \$100m in cash not gold and the BIS agreed to roll over the remaining \$200m.

But to reduce the forecast State budget deficit for 1985 to 6 per cent of GDP, the budget included an expected Bank of Portugal profit from the \$300m gold sale.

Parliament—balked at being

presented with a revised 1984 deficit of Esc 866m (\$490m) over forecast mostly because of a hitherto-unknown gold deal or loan.

And the government at

the Central Bank was furious at being blamed for the budget in full.

However, finances picked up

so much that the authorities could pay the BIS \$100m in cash not gold and the BIS agreed to roll over the remaining \$200m.

But to reduce the forecast

Soviet defence spending to rise

By Patrick Cockburn in Moscow

THE SOVIET parliament yesterday endorsed the Soviet Union's budget and plan for 1985 which includes a sharp increase in nominal defence spending by 12 per cent.

The real Soviet military budget is believed to be much higher than that announced and has been static in recent years. But even US estimates, which put defence expenditure at 13-14 per cent of Soviet gross national product, say that military spending has risen this year. It kept pace with President Reagan's high defence budgets.

The Soviet leadership seems

to have kept the rise in its military budget down to some 2 per cent a year since 1976, rising to an estimated 2.5 per cent in 1983.

The increase announced yesterday appears to be an indication that the Soviet leaders are continuing on the direction to which Washington has increased its outlays on defence.

Soviet military leaders, notably

Marshal Nikolai Ogarkov, the former chief of staff, have

stressed the need to keep up with the US in the development of high technology conventional weapons.

Mr Nikolai Balabkov, chairman of the State Planning Committee, told the Supreme Soviet that industrial production would rise by 4.4 per cent this year—or 1 per cent more than the plan.

Labour productivity is also expected to increase by 4 per cent. This is a key indicator for the economy given the very slow growth in the labour force. Next year 96 per cent of the increase in industrial output is to come from greater labour productivity, Mr Balabkov said.

Oil production this year is expected to be 815.5m tonnes or 8m tonnes below target. In 1985 Mr Balabkov said that oil output should rise by 2 per cent to 825m tonnes.

The shortfall in oil output

may be because of well-publicised failure of enhanced recovery techniques in West Siberia. Maintaining oil production while investing heavily in gas and nuclear power is a difficult balancing act.

Development of the gas fields

seems to have proceeded much more satisfactorily. This is expected to increase by 8 per cent over 1984 to reach a total of 832m cubic metres.

No figures were given for grain output this year, estimated to total only 170m tonnes, but Mr Balabkov said that the failure to reach the planned targets for agricultural output under the present five-year plan can be chiefly because of extremely unfavourable weather conditions.

The plan next year calls for industrial output to rise by 3.9 per cent and national income by 3.5 per cent.

Chernenko spells out UK missile offer

By Our Moscow Correspondent

THE SOVIET leadership has assured Mr Neil Kinnock, the British Labour Party leader who is visiting Moscow, that they are prepared to dismantle one SS-20 missile pointing at Britain and four French missile dismantled on the British side. They would also be prepared to remove and dismantle an SS-20 or SS-23 missile based in Eastern Europe for every cruise missile removed from Britain.

The Soviet offer, made by Mr Konstantin Chernenko, the Soviet President, reflects in a number of ways a proposal originally put forward by the late Soviet President Mr Yuri Andropov in 1982.

Mr Chernenko has now spelled out the offer more carefully and the Soviet proposal is bound to carry more weight because it is made to the leader of a Labour Party pledged to unilateral disarmament. Mr Andropov's offer was originally made to Britain and France.

The meeting of the Labour leader with President Chernenko and other senior Soviet officials has confirmed the degree to which the Soviet Union has shifted from its previous conditions on talks with the US. The removal of cruise and Pershing II missiles, though likely to be a Soviet demand, is not seen as an obstacle to talks about between Mr Andrei Gromyko, the Soviet Foreign Minister, and Mr George Shultz, the US Secretary of State.

Mr David is a policy of "sustained engagement" in the management of East-West relations, through more regular dialogue and more frequent summit and sub-summit meetings, has been recommended by a panel of distinguished former western political leaders under the auspices of the Aspen Institute.

The report, Managing East-West Conflict, urges early talks to control anti-satellite weapons and to make sharp reductions in nuclear warheads.

FINANCIAL TIMES LIPPS NO 1985-01, published daily except Sundays and U.S. subscription rates \$22.00 per annum. Second class postage paid at New York, NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 65 Street, New York, NY 10022.

Coalition partners review their agreements



Sr Soares: gambled on lack of an alternative

PORUGAL'S TWO ruling parties, the Socialist and Social Democrats (PSD), have begun a radical review of their coalition pact.

At a private meeting yesterday Sr Mario Soares, the Socialist Premier, and Prof Carlos Mota Pinto, the PSD deputy premier, agreed that their parties must re-examine the bases on which the coalition was founded 12 months ago.

If the examination provides enough common ground to prop up the coalition, the two parties will make a list of

measures needed urgently to correct Portugal's economic and administrative shortcomings.

The first appraisal by the two parties takes place today. Other meetings will follow.

The coalition has been under growing strain recently because fractious PSD plans insist on taking stands over presidential candidates for an election that is not due until the end of 1985.

Believing the Portuguese economy's difficulties take precedence over party wrangles, the Socialists, displeased with divisive PSD tactics, have

demanded that the presidential issue be shelved for at least six months.

The Socialists hoped that

the PSD leadership would approve a freeze on the issue at last weekend's meeting of the PSD's national council. This was not done; instead the council concentrated on discussions of presidential candidates.

An exaggerated Sr Soares decided it was time to challenge Prof Mota Pinto—whose grip on his disputes with his party is not strong—by his own party, which is far more coherent than the PSD.

their relationship. Sr Soares gambled on the lack of real alternative to this coalition to win his point and force the PSD to commit itself more strongly to stable government.

The political crisis coincides with a low point in Portugal's negotiations for membership of the European Community, on which Sr Soares has staked his career. His

fight to push the sagging coalition back into shape is backed by his own party, which is far more coherent than the PSD.

External successes have helped Portugal to strengthen her external image this year, but the core of the problem is still to be dealt with: How to manage, and what size to attribute to, public enterprises created by hector-skater nation-builders almost ten years ago and thereafter used either as whipping boys or repositories for political clients of successive governments, with scant attention to bookkeeping.

Even the PSD, which claims

it has no public sector cuts and a larger civilian building sector in the sector, matching clamour with action is less easy under these circumstances.

Yugoslavia set to accept IMF 1-year credit

By Aleksandar Lebi in Belgrade

THE YUGOSLAV Government is now likely to accept a one-year standby arrangement with the International Monetary Fund after the present agreement expires at the end of March.

Mr Zivorad Kovacevic, a member of the Federal Cabinet, told parliament yesterday that creditor governments had made rescheduling of the debt maturing between 1985 and 1990 conditional on a new IMF standby agreement being reached.

An IMF team has been in Belgrade for the past 10 days

discussing details of a new

standby agreement and the

multi-year rescheduling

agreement, which the Yugoslav Government has been seeking.

Mr Kovacevic said it was doubt-

ful whether the rescheduling

agreement could be com-

pleted by the end of 1984

indicating that there are still

difficulties to be overcome in

the negotiations. If agree-

ment could not be achieved by year's end, Mr Kovacevic said, a "standstill period" would be needed before Yugoslavia could meet its commitment.

The Government had prepared

a fallback position in the case

no agreement acceptable to

Yugoslavia could be attained.

This alternative would not

only be unfavourable to Yu-

goslavia's own economic

development. It would also

not correspond to the

interests of Yugoslavia's creditors, Mr Kovacevic said. But Belgrade would put the alternative into effect only if forced to do so.

Mr Kovacevic was in Geneva on Monday to meet western creditors, who reiterated their stand that rescheduling of Yugoslav debts hinged on a preliminary agreement with the IMF.

Mr Kovacevic told parliament yesterday that the creditor governments did not appear to be familiar with multi-year arrangements, implying that there was still some reluctance on their part to agree to the long-term rescheduling sought by Yugoslavia.

Strong private sector urged

PRESIDENT Vojislav Djuranovic of Yugoslavia called for a stronger private sector in the communist country and criti-

cised "dogmatic" opposition

to free enterprise, the state-

run Tancic news agency

reported yesterday.

Support of the private sector,

or "small" economy, was

needed to reduce unemployment.

Mr Djuranovic was quoted as saying: "We had

about 850,000 people—13 per

cent of the workforce—were

looking for a job."

There is disagreement within

the party and the Government

on how to solve the country's

economic woes. Hardliners

advocate even tighter state

controls on the economy,

while liberals seek less rigi-

dity.

Mr Djuranovic's comments were

the highest-level public

appeal to date for economic

liberalisation, observers said.

According to analyses

there is room and need in our

country (for the) small

economy (to) develop so much

that it can employ 1.5m

people," he said. "But in

many cases, a dogmatic

approach to this issue is

markedly present."

Yugoslavia imposes strict regu-

lations on its private sector,

limiting free enterprise to

craftsmen, artisans, small

Soviet defence
spending to rise

Denmark blocks Community budget deal

By QUENTIN PEEL IN BRUSSELS

THE UNFINISHED business of imposing budgetary discipline on EEC spending remained unfinished yesterday, when Denmark blocked last-minute changes designed to re-assure the European Parliament.

Nine of the ten foreign ministers meeting in Brussels were ready to go along with a deal which would have involved members of the Parliament in the effort to enforce spending control, particularly on the soaring farm budget.

Their failure to agree is not final—they are expected to have another attempt at agreement today—but it once again puts some doubts on how the last weeks of Community spending will be financed this year.

Both Britain and West Germany have made agreements on the plan for budgetary discipline, a precondition of paying their shares of the Ecu 1bn (£60bn) cash shortfall in the European Commission's 1984 budget, and time is now running out for them to approve the payments.

Commission officials may now fear that the whole issue may have to be referred to another summit meeting—next week's talks in Dublin—to be resolved, unless the Danes drop their

objection.

The proposed amendments to the deal would provide for the Parliament to be consulted before the Council of Ministers fixes its annual "framework" or ceiling for Community spending.

The move which is intended to keep the rate of growth of agricultural spending in particular below the growth rate of EEC revenues.

They were put forward yesterday by M. Gaston Thorn, President of the Commission, who described them as the minimum necessary to make the text acceptable both to the Commission and the Parliament.

MEPs have warned of an open and continuing conflict with the council if they are not involved in budgetary control, as one of the legal arms of the Community's budgetary authority.

Some of the ministers at yesterday's meeting were prepared to push through the text unamended in the light of the Danish objections, although that might result in Parliament's refusal to co-operate any further in discussions on next year's budget.

However, Italy, Belgium, Greece and Luxembourg held out for the changes to be made.

Nato, Warsaw Pact accept Stockholm talks structure

By KEVIN DODD, NORDIC CORRESPONDENT IN STOCKHOLM

THE RECENT renewal of diplomatic contacts between Moscow and Washington has given a new impetus to the 35-nation European Disarmament Conference meeting in Stockholm to discuss measures for improving military security in Europe.

The Nato and Warsaw Pact states appear close to reaching agreement on a working structure for the conference proposed by Finland, one of the members of the group of neutral and non-aligned countries, which have been working hard to find common ground between the two alliances.

The conference, which began in January at a meeting attended by both Mr George Shultz, the US Secretary of

EEC-Spain steel accord talks open

By Ivo Dawsy in Brussels

NEGOTIATIONS between the EEC and Spain on the integration of Spanish steel producers with the European Coal and Steel Community opened last night amid reports of some progress towards the growth rate of EEC revenues.

Viscount Etienne Davignon, the EEC Industry Commissioner, made clear that while Madrid continues to give financial aid to its industry, steel restrictions on Spanish steel exports will remain in force.

Spain's steel minister, at reducing its 22m-tonne capacity by about 18 per cent to about 18m tonnes by 1988, wants an immediate tariff-free access to the Community market from accession.

As the talks continued, EEC foreign ministers were attempting to reach a common position on terms to be offered to Spain on fisheries.

The Netherlands and Belgium now appear to have accepted that the Spanish should face a 10-year period of total restrictions for its first before a negotiated integration can take place.

But Italy and Greece remain adamant that a less rigorous offer should be made. Some diplomats believe, however, that the Italians are trying to hold up a fisheries deal until a satisfactory conclusion to the internal Community wrangle over reform of the wine regime is agreed.

BRITISH-SPANISH AGREEMENT TO DISCUSS GIBRALTAR'S FUTURE Sovereignty is key issue for Spain

By TOM BURNS IN MADRID

THE FACT that the UK has agreed to discuss the sovereignty of Gibraltar is what matters to Spain in the agreement reached yesterday by Sir Geoffrey Howe, Britain's Foreign Secretary, and Sr Fernando Moran, the Spanish Foreign Minister.

The point was underlined in the statement issued by the Spanish Foreign Ministry: "For the first time in the history of the dispute," it said, "Britain expressly admits that the question of sovereignty will be broached in the (negotiating) process."

"What does sovereignty mean for the man in the street, does (Sir Joshua) Hassan now become a Spaniard?" asked a Spanish reporter at a Madrid Foreign Office briefing yesterday.

Sovereignty was indeed the issue but Sr Schwartz was

day. "No," said Sr Fernando Schwartz, Spain's external affairs spokesman. "The devolution of sovereignty means that Gibraltar becomes once more part of Spain."

Sr Schwartz, a former ambassador and a skilled diplomat, having nearly detected the question, made the quotable point for Spanish national consumption: "The decolonisation process has now

been opened."

For Gibraltarian ears he quoted his minister: "Sr Moran has said in the past that if Gibraltar was handed to him on a plate against the wishes of the Gibraltarians he would not want it."

Sovereignty was indeed the issue but Sr Schwartz was

reasonable about it: "We have never said that sovereignty would be effective in one, in two, in five years. We know it is a long term process."

What makes yesterday's Brussels agreement palatable for Spain, while the previous Lisbon declaration was not, is that the magic word sovereignty appears.

The undertaking to discuss "the whole problem of Gibraltar" as Lisbon's statement had it in 1980 leaving each side to interpret what that meant, was the enough.

In addition to Brussels' document actually spells out what reciprocal rights is all about. On this point, Sr Schwartz explained, the Lisbon declaration was also vague and was little more than a declaration of words and promises.

The upshot is that it is a good agreement and that Spain buys it wholeheartedly. There is no problem about selling it," said the Spanish diplomatic spokesman. The Brussels statement does not apparently run the risk of being overturned by later Spanish public opinion, or the Government with a sell-out as an object, surrendered which four years ago torpedoed the Lisbon declaration.

Privately, however, Spanish officials are aware of the difficulties that still remain. The public opinion in Spain will, sooner rather than later, want progress on the actual devolution of Gibraltar with demonstrable gains and timetables in place of words and promises.

Joint Franco-German studies into more advanced satellites using radar detection, which could eventually be launched in the late 1990s, will continue in spite of shelving of any idea of more immediate co-operation.

But the downgrading of the observation project, which was first announced six months ago by President Francois Mitterrand and Chancellor Helmut Kohl, none the less adds up to an important setback for European co-operation over the military use of space.

France has for several years been making technical studies into a high-resolution military satellite, Sauro, based on optical instruments already developed for the Spot civilian remote sensing satellite planned to be launched next year.

West Germany, however, has made clear its view, however, that the optical technology could be introduced by the 1990s. At the latest Franco-German summit in Bad Kreuznach at the end of last month, Bonn insisted on the need for a more sophisticated and costly radar-based craft. This would allow surveillance in all-weather conditions and at night.

A senior French aerospace official who has played a key role on Sauro design work says the two sides are "far apart."

According to Defense Ministry officials, France, however, is sticking to its view that Sauro, although based on technology which is now several years old, is still of military value. They point out that American and Russian spy-rafts use high-resolution optical equipment and that radar detection by satellite is a highly experimental phase.

Sauro is designed not only to give France information on world trouble spots such as the Middle East but also to help target the country's nuclear forces.

France's lack of independent satellite surveillance has made it reliant, like Britain and other western countries, on the US for sensitive information in times of foreign crises.

France to press ahead with military satellite

By David Marsh in Paris

FRANCE is making clear its willingness to go ahead on its own with building a military observation satellite for the early 1990s in the wake of failure to agree with West Germany over specifications for an earlier-mooted joint spy satellite project.

Joint Franco-German studies into more advanced satellites using radar detection, which could eventually be launched in the late 1990s, will continue in spite of shelving of any idea of more immediate co-operation.

But the downgrading of the observation project, which was first announced six months ago by President Francois Mitterrand and Chancellor Helmut Kohl, none the less adds up to an important setback for European co-operation over the military use of space.

France has for several years been making technical studies into a high-resolution military satellite, Sauro, based on optical instruments already developed for the Spot civilian remote sensing satellite planned to be launched next year.

West Germany, however, has made clear its view, however, that the optical technology could be introduced by the 1990s. At the latest Franco-German summit in Bad Kreuznach at the end of last month, Bonn insisted on the need for a more sophisticated and costly radar-based craft. This would allow surveillance in all-weather conditions and at night.

A senior French aerospace official who has played a key role on Sauro design work says the two sides are "far apart."

According to Defense Ministry officials, France, however, is sticking to its view that Sauro, although based on technology which is now several years old, is still of military value. They point out that American and Russian spy-rafts use high-resolution optical equipment and that radar detection by satellite is a highly experimental phase.

Sauro is designed not only to give France information on world trouble spots such as the Middle East but also to help target the country's nuclear forces.

France's lack of independent satellite surveillance has made it reliant, like Britain and other western countries, on the US for sensitive information in times of foreign crises.

Gibraltar welcomes full opening of border

By JOSEPH GARCIA IN GIBRALTAR

GIBRALTAR has generally signed with relief at the full opening of the Spanish border, although there are reservations about discussions on sovereignty.

"We are not going to give way on the Spanish claim to sovereignty," said Sir Joshua Hassan, the Chief Minister, referring to the continuing British commitment to honour the wishes of the people of Gibraltar. He said that a democratic government in Spain should also have regard to Gibraltar's

wishes. Sir Joshua considers that the agreement is good for Gibraltar and will be fruitful for people on both sides of the frontier.

He stressed that the freedom of movement for Spanish workers will be subject to the transition period that will apply to Spain on conclusion of her own EEC negotiations. However, there will be community preference for Spaniards which in effect threatens the future job prospects of Moroccan workers, who replaced the

Spanish when the frontier was closed in June 1969. There are currently about 2,000 Moroccans in Gibraltar.

The mayor of the Spanish border town of La Línea, in welcoming the deal, emphasised the economic prosperity that could result from a return to normality at the frontier.

The removal by Spain of her 1967 prohibition on airspace in the Gibraltar region and the agreed co-operation on aviation matters, will doubtless improve prospects for the Gibraltar air-

Bonn refuses to sign UN Law of the Sea convention

By RUPERT CORNWELL IN BONN AND IAN HARGREAVES IN LONDON

WEST GERMANY has formally refused to sign the UN-sponsored Law of the Sea convention—but made clear that it will not oppose ratification by the European Community as a whole.

There is speculation that Britain may go for a similarly convoluted compromise when ministers discuss the matter in the next few days.

When the vote was taken, only Herr Hans-Dietrich Genscher, the FDP leader and Foreign Minister, and his party colleague, Herr Hans Engelhardt, the Justice Minister backed Bonn's own adherence to the Convention.

The remaining 15 members of the Cabinet, including Chancellor Helmut Kohl and even Herr Martin Bangemann, the

FDP Economics Minister, voted against.

West German hostility to the convention—like that of the US—stems from its dislike of provisions whereby seabed mining clauses would be shared out, unjustly in Bonn's view, between developing and industrialised countries.

However, Herr Genscher argued unconvincingly to the last that this drawback was more than balanced by the need not to antagonise Third World countries, and to preserve a common front of the EEC.

That last consideration has at least now been met by Bonn's acquiescence in ratification of the convention by the Community. Both the European Commission and the European

Parliament support the convention.

Herr Peter Boerisch, the Government spokesman, said last night that apart from the seabed mining clauses, the convention was to be welcomed. Moreover, despite the Cabinet's decision, West Germany will go ahead with plans for the International Court of Justice, due to be set up in Hamburg.

It is not clear, however, what rights to participation in the convention's institutions will be available to countries which refuse direct signature but are members of supranational bodies which support the convention.

A paper published in London yesterday by the World Development Movement argues that

Britain must sign the convention in order to help shape detailed policy on seabed mining and to benefit from other provisions, such as navigation rights.

For Britain to boycott the convention, along with the US, would hand a major propaganda tool to the Soviet Union, which the paper says has already started to pursue bilateral talks with developing countries for co-operation in seabed mining under the terms of the UN convention.

"The Law of the Sea—a choice of anarchy and order," David Ward, World Development Movement, Bedford Chambers, Corrent Garden, London, WC1E 8HA. Price 95p.

THE NETWORKING REVOLUTION CONTINUES...

A broad range of advanced software and a complete line of state-of-the-art hardware herald the DATAPPOINT solution for the modern office. Based on leading-edge technology, our PRO-VISTA automated office is revolutionary in its innovation and ease of use.

Software sits at the heart of this continuing revolution. VISTA-VIEW™ is the most

advanced windowing software in existence, letting you both view and use several applications at once. VISTA-GUIDE™ is a software map for the easiest possible access to word and data processing, electronic mail, spreadsheet, and data communications.

The new PRO-VISTA family of workstations, processors, terminals, and peripheral devices can work with existing DATAPPOINT

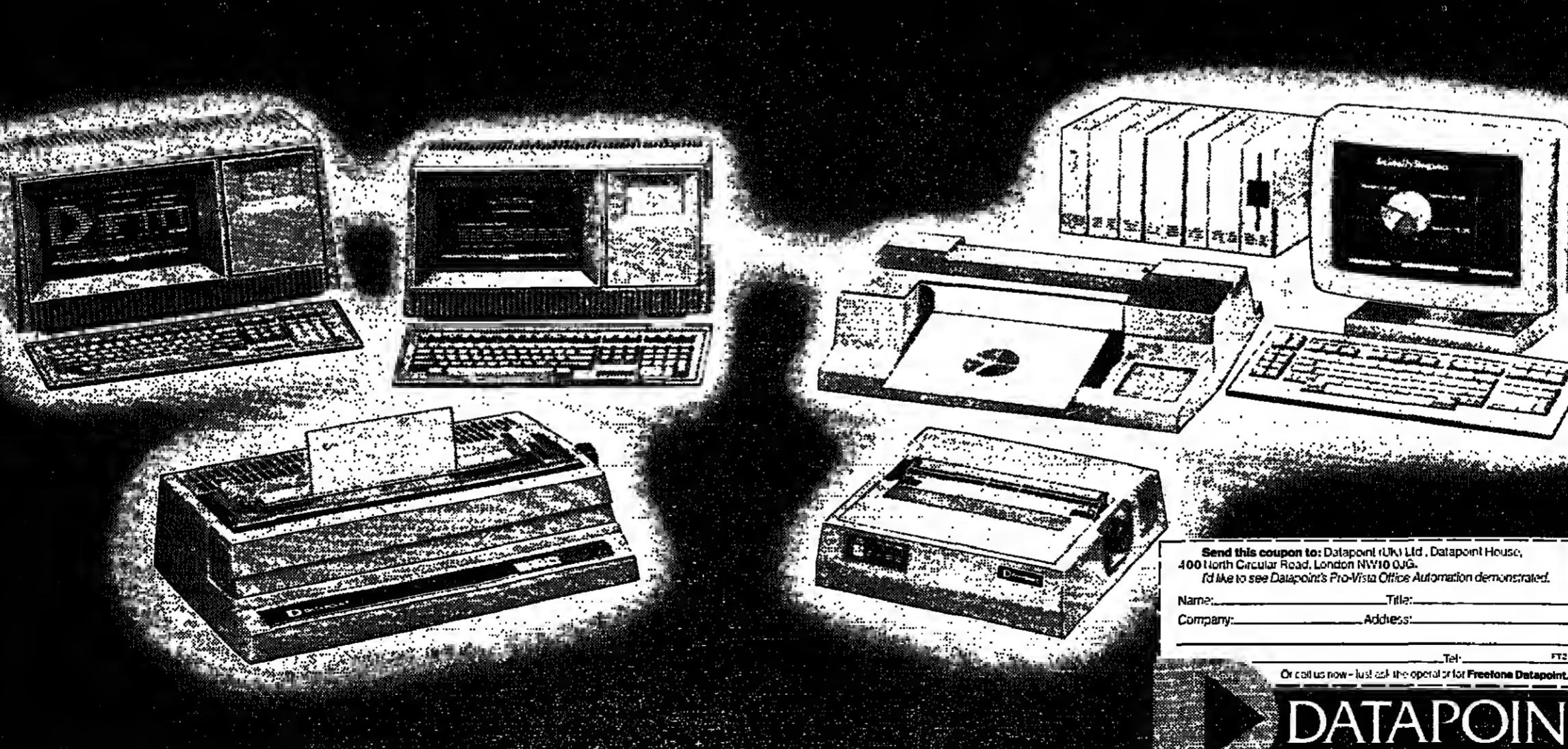
equipment and with equipment from other manufacturers. Connected to an ARC™ (Attached Resource Computer) local area network, it gives your company a system that grows as far and as fast as your business grows.

DATAPPOINT is a specialist in integrating state-of-the-art local area networks and office systems. We sparked a revolution in

business communications with ARC, the first and most thoroughly proven local area network in existence, and today we continue to lead that revolution.

If you're ready to join the DATAPPOINT revolution, just dial the operator and ask for Freefone Datapoint—or send us the coupon—and we'll arrange a demonstration for you.

NOW..DATAPPOINT'S PRO-VISTA OFFICE AUTOMATION SYSTEMS.



OVERSEAS NEWS

Moslem group takes responsibility for UK diplomat's death

By JOHN ELLIOTT IN NEW DELHI

A GROUP calling itself the Revolutionary Organisation of Socialist Moslems yesterday claimed responsibility for killing Mr Percy Norris, British Deputy High Commissioner, in Bombay.

A man speaking Arabic made the claim in a telephone call to an international news agency in London. He said he was speaking from Bucharest.

The same group claimed responsibility for shooting dead the British Council representative in Athens, Mr Kenneth Whitty, on March 28 this year.

The caller said the British authorities had not responded to their previous warnings to "stop their aggressive interventions and their detention and torture of fighters."

The caller said Mr Norris had been working for Scotland Yard under diplomatic cover and had close links with the U.S. Central Intelligence Agency (CIA).

Indian police said last night they were hunting for two foreigners with "fair complexions" after Mr Norris was shot twice, in the heart and the head, at close range as he was driven in a distinctive white Rover 3500 to his office in the crowded commercial centre of Bombay.

He was dead on arrival at a city hospital. Mr Norris, aged 56, married with a son and daughter took over as the UK's senior diplomat in Bombay with the rank of Deputy High Commissioner a month ago. He would have specialised in Indo-

ATTACKS ON UK DIPLOMATS

1970: Mr James Cross, British trade commissioner in Montreal, kidnapped by Quebec separatist group, but eventually released.

1971: Mr Geoffrey Jackson, Ambassador to Uruguay, kidnapped by urban guerrillas and held captive for 245 days.

1973: Sir Richard Sharples, Governor of Bermuda, shot dead in grounds of Government House.

1973: Mr Nori Murray, personal assistant to British military attaché in Washington, had her hand blown off by a letter bomb (similar bombs sent simultaneously to other British embassies, including those in Zaire, Portugal and France).

UK trade, and especially in Britain's involvement in India's Bombay High oil and gas field. He most recently served in Dubai.

There were hardly any eyewitnesses to the shooting and the Indian chauffeur of Mr Norris's car, who has driven British diplomats for 25 years, is not believed to have seen the attackers.

Over its next term, said Mr Keating, the Government pledged that neither federal tax revenue nor the federal budget deficit would rise as a proportion of gross domestic product. The Government's expenditure growth would not exceed the growth rate of the economy.

"Promises such as these have no precedent in Australian elections," Mr Keating told a banking conference in Sydney. "No Government has ever before made such clear commitments covering future budgetary management."

Mr Keating said a prime aim of the Hawke Government had been to reduce the budget deficit partly in case Australia's growing debt-servicing burden.

"Public debt interest this year is estimated to total A\$5.6bn (£3.5bn), or 8.8 per cent of total Commonwealth (federal) spending," said the Treasurer. "Ten years ago, public debt interest cost only A\$3.87bn, or less than 5 per cent of total budget outlays."

Mr Keating said the 1983-84 budget deficit had been halved from a prospective A\$9.6bn to A\$7.9bn, with a further reduction of A\$1.2bn in the planned deficit for the current year. In turn, the Government had already promised that next year's deficit would be a smaller number, amounting to 1984-85's planned A\$6.7bn.

In part, the Government is anxious to neutralise the claim by Mr Andrew Peacock, leader of the Opposition, that it is "the biggest-spending, high-taxing government in Australia's peacetime history."

Equally, its determination to curb expenditure, wind back the deficit and ease the debt-servicing burden highlight the Government's conservative policy approach, which is the key to Mr Hawke's grip on power.

Australian Treasurer in pledge on spending

By Michael Thompson-Noel in Sydney

THE AUSTRALIAN Treasurer (finance minister), Mr Paul Keating yesterday fleshed out the broad promises made by Mr Bob Hawke's Labor Government in the run-up to Saturday's general election, as Labor is expected to win easily.

As the Iraqi flag was ceremonially raised in Washington on Monday afternoon, a senior Administration official was vigorously insisting that nothing much had changed and that U.S. neutrality in the conflict was as strict as ever.

In a military sense at least, that is true. Washington remains firmly opposed to the supply of arms to either side—and does not intend to relent in favour of Iraq simply because of an exchange of ambassadors. The U.S. objective remains to renew isolation in the war.

Iraq, for its part, has welcomed Washington's efforts to "choke off" arms supplies to Iran from other western countries.

There is no doubt, however, that Iraq is very much in Washington's good books, while Iran is not, and that the Reagan Administration also sees a role for Iraq in its con-

Reginald Dale on the restoration of Washington's diplomatic links with Baghdad

U.S. moves to prise Iraq from Soviet grip

WITH THE official restoration of U.S.-Iraqi diplomatic relations this week, after a 17-year interruption, the Reagan Administration is having a hard job denying that it has "tilted" towards Baghdad in the four-year-old Iran-Iraq war.

As the Iraqi flag was ceremonially raised in Washington on Monday afternoon, a senior Administration official was vigorously insisting that nothing much had changed and that U.S. neutrality in the conflict was as strict as ever.

In a military sense at least, that is true. Washington remains firmly opposed to the supply of arms to either side—and does not intend to relent in favour of Iraq simply because of an exchange of ambassadors. The U.S. objective remains to renew isolation in the war.

Iraq, for its part, has welcomed Washington's efforts to "choke off" arms supplies to Iran from other western countries.

There is no doubt, however, that Iraq is very much in Washington's good books, while Iran is not, and that the Reagan Administration also sees a role for Iraq in its con-

tinuing and so far unsuccessful quest for progress towards a wider Middle East settlement.

U.S.-Iraqi relations, once exceedingly antagonistic, have progressively warmed since Washington cut off ties with Iran after the 1979-81 hostage crisis. In Washington's eyes, the last four years have seen Iraq moderating its attitudes towards Israel, and on the Middle East problem in general, as it sought to avoid isolation in the war.

Iraq, for its part, has welcomed Washington's efforts to "choke off" arms supplies to Iran from other western countries.

Washington also approves of Iraq's expressions of readiness to negotiate an end to the war with Iran, unless to do so will President Saddam Hussein is removed from office in Baghdad.

Over the past three years,

since its removal from Washington's embargo list of countries supporting international terrorism, Iraq has become a major market for U.S. agricultural products, mainly wheat and rice. It is now also allowed to buy American non-strategic industrial goods and civilian aircraft. By contrast, Washington has constantly tightened the trade screws on Iran, which remains very definitely on the embargo list.

The chief reason for the change appears to be Israel's reluctance to guarantee not to attack the pipeline, which would terminate close to Israeli territory at the Red Sea port of Aqaba. Iraq had reportedly hoped that the U.S. would put pressure on Israel to ensure the pipeline's safety.

Iraq, which destroyed the Iraqi nuclear reactor in a pre-emptive air strike in 1981, remains deeply suspicious of Baghdad. Washington, however, believes that Iraqi attitudes towards Israel have noticeably "evolved" in the past few years.

Administration officials this week pointed out that Iraq no longer regards itself as a "front-line state" in the conflict with Iran, and the west's reliance on the Gulf oil route, although Mr Aziz said this week that the Jordan pipeline has been shelved.

At the same time, Washington is looking in further

between Jordan and the Palestinian Liberation Organisation; that is acknowledged President Reagan's September 1 1983 Middle East peace initiative; that it agrees that both Israel and the Palestinians must have "security"; and that President Hussein has said that no responsible Arab leader looks forward to the destruction of Israel.

The U.S. aim, accordingly, is to try to prise Iraq away from the tight grip of Moscow and progressively insert it into the group of moderate Arab states, including Egypt, Jordan and Saudi Arabia, to which Washington is looking in further

At the same time, Washington hopes that this week's official reconciliation with Iraq will put political pressure on Iran. Iran could also benefit from improved relations with Washington, the Administration says, on two conditions: that it stops supporting international terrorism and that it seeks a peace settlement with Iraq. Tilt or no tilt, the raising of the Iraqi flag in Washington was meant to be noticed in Tehran as much as in Baghdad.

Mitterrand conciliatory as Assad touches raw nerves

By PAUL BETTS IN DAMASCUS

Two Koreas' economic talks postponed

By Steven B. Butler in Seoul

NORTH KOREA has thrown cold water on hopes that last Friday's shooting incident in the truce village of Panmunjom would not affect the progress of economic and other talks between North and South Korea.

In a letter to South Korea, Pyong Yang unilaterally postponed economic talks that were scheduled to take place on December 5, citing what it called the "horrifying" atmosphere at Panmunjom and saying that the safety of the delegates could not be guaranteed.

It nonetheless held the door open for talks next year, saying it believed they should succeed, and called on South Korea to take unspecified steps to eliminate tension.

The North Korean security force in Panmunjom suffered a heavy beating in last Friday's fire fight after they pursued a Soviet defector across the military demarcation line.

North Korea said three of its soldiers died, and U.S. military sources say that at least four others were seriously wounded.

French president—had drawn criticism in France because of this recent history in the same way as the recent visit by M Claude Cheysson, the French foreign minister, to Algeria for the celebration of the Algerian national uprising against France caused an uproar.

The Syrian leader claimed in his speech that liberation movements were not terrorism and compared him to President Mitterrand's visit was "not easy." They also claimed they were not surprised by the harsh terms of President Assad's speech.

By contrast, President Mitterrand's reply to the Syrian leader was conciliatory and mild in tone. Some diplomatic observers said this differed sharply with the French President's outspoken remarks at the Knesset during his visit to Israel in 1982.

The controversy between the large French press corps following M Mitterrand and Syrian officials was finally resolved yesterday after the Syrians agreed not to continue to censure French coverage from Damascus.

LEISURE

Our technology makes your leisure more pleasure.

The hiss of high-performance skis cutting into crisp snow. The mellow sound of a string quartet faithfully reproduced on tape. Both sounds emanate from BASF technology.

Our development of new **plastics materials** in sports equipment now benefits the amateur and professional alike. All-weather playing surfaces, specialist footwear, skis and surfboards, even roller skate wheels and table tennis balls, now last longer, perform better. Our range of slow release **fertilisers** are increasingly used to improve sports grounds, golf courses and leisure areas.

If your leisure time is spent less energetically, BASF technology again plays a major part. Your piano owes its gleaming surface to BASF **lacquers**. Your favourite reading matter may well have been printed by our own patented **printing process**, contain **BASF pigments** in the printing inks, and our **coatings** on the paper. Even the blue in the jeans you wear, started life in a BASF laboratory.

where our **dyes research** developed the first synthetic indigo.

When it comes to the very latest pastimes, like home computers and video recorders, a myriad of our materials can be found both inside and out. Recognised for excellence around the world, our **audio and video cassette tapes** reflect the high standards demanded from all BASF materials, to make your leisure more pleasure.

All of these are answers. Answers to the needs of people. Answers that have resulted from our **commitment to research and development**.

Throughout the world, one in ten of our 100,000 employees is engaged in research and development. We invest £1 million every day of the year in this area alone.

As a leading chemical enterprise, we are committed to the future—the future of Man, his environment and our company's continuing contribution.

BASF United Kingdom Limited, Earl Road, Cheadle, SK8 6QG. 4 Fitzroy Square, W1P 6ER.



BASF are the people concerned

BASF

IT SEEMED AS GOOD A PLACE AS ANY TO START LOOKING FOR NORTH SEA OIL.

1 9 6 5

A routine press conference in London, and an off-the-cuff remark by Shell UK's top geologist. Within minutes his comments are on every Editor's desk in Fleet Street, and by morning, being repeated the length and breadth of the country. While the sceptics scoff, the politicians pray. If what has been hinted at is indeed true, it will alter the economic and political fortunes of Britain for decades to come. Out in the North Sea, it is reported, Shell expects to strike oil.

1 9 6 6

The financial markets of London buzz with anticipation following Shell's discreet announcement of 'a significant gas discovery' 32 miles off the coast of East Anglia. Within two years Shell and other companies are bringing North Sea gas ashore, and with it a dramatic revival for the British gas industry. Plans are made for completely converting the National Grid to natural gas.

1 9 6 7

Armed with the latest seismic data, two geologists from Shell set up a small office in a tiny flat, over a bookshop, in the centre of Aberdeen. It seems as good a place as any from which to tackle their awesome task. They have been instructed to begin exploration of the vast and hostile waters of the northern parts of the North Sea.

1 9 7 1

At the northernmost offshore well yet drilled in the world, a veil of secrecy descends over Shell's activities. Communications with the mainland are suddenly coded through 'scrambler' phones. Information is rushed to Shell's scientists for prompt analysis. Until, as abruptly as they began, the exploration team cease all activity, seal the well, and are clearly seen making off for entirely new locations. A simple manoeuvre to ensure that nobody will guess what they have found.

1 9 7 2

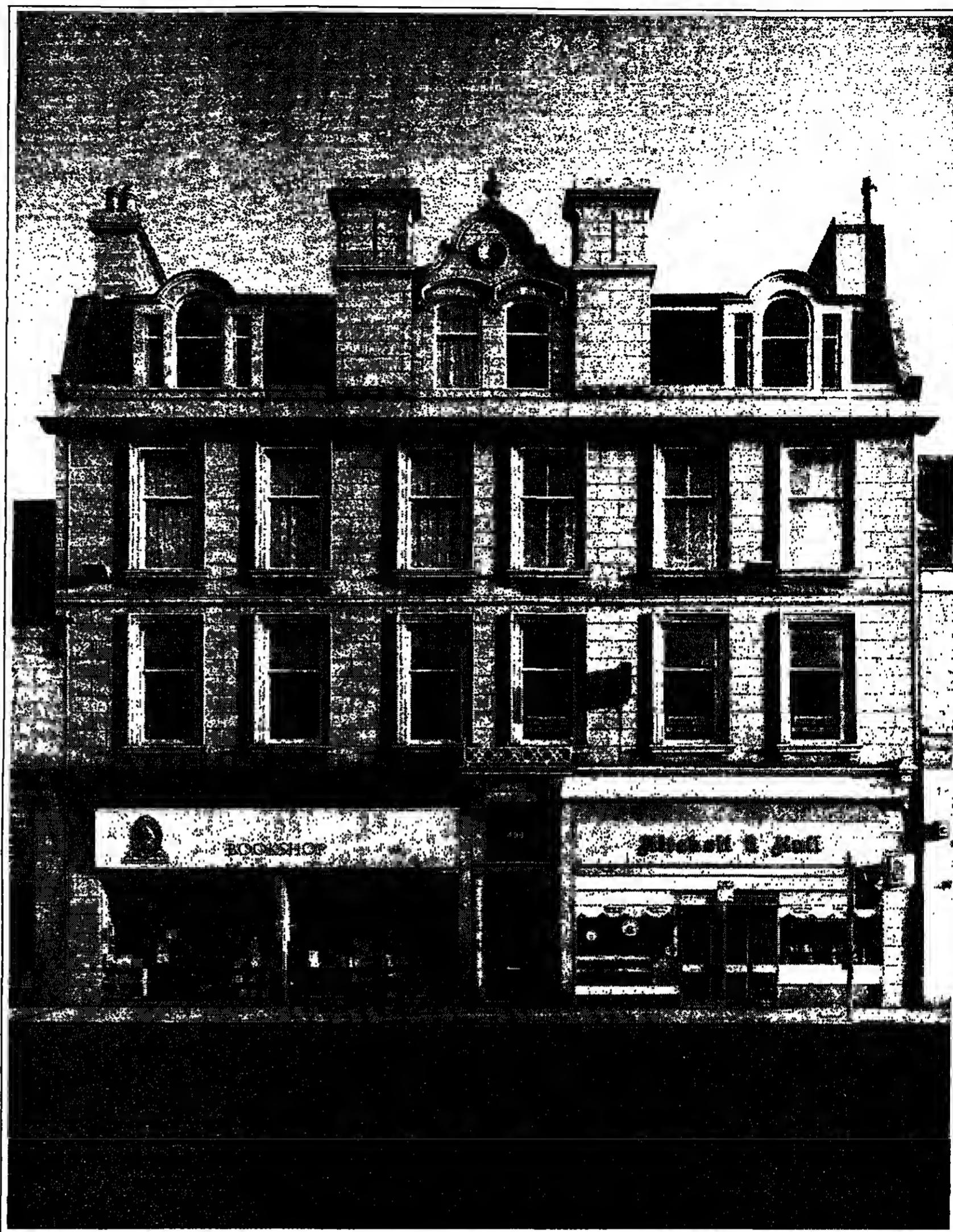
Shell proudly announces the discovery of what will prove to be a giant oil and gas find for Britain, the Brent Field.

1 9 7 4

The latest analysis of the Brent Field shows that the possible reserves of oil and natural gas liquids are double the original estimate. With Britain's oil deficit still around £3.8 billion, the news is welcome indeed.

1 9 7 6

The very high ratio of gas and gas liquids to oil being produced at Brent leads to a daring new scheme. A pipeline 278 miles long is to be laid on the seabed, to bring ashore the gas and gas liquids for separation. It will be the longest, and deepest, offshore pipeline ever built and is yet another challenge for British industry. Much of the technology required for North Sea development must be capable of operating in waves of up to 100 feet high, and in gusts of wind up to 100 miles per hour. In this instance, underwater cameras, side-scan sonars and computer systems are needed that will operate 600 feet beneath the sea.



1 9 7 8

The scheme is a success. Now it will be possible to bring the gas and gas liquids ashore for further use. The gas will be extracted and fed into the National Grid.

It would be possible to split the remainder into ethane, butane, propane and natural gasoline — important resources for industry. To do so, a highly advanced plant, costing many millions of pounds, will have to be specially built.

1 9 8 0

Work begins on the £400 million Gas Liquids Plant being built by Shell at Mossmorran, and on the 138 mile pipeline that will feed it. Soon Mossmorran will be the largest construction site in Europe.

1 9 8 2

Oil production from Brent approaches 310,000 barrels per day. This vast quantity helps transform Britain's oil deficit of yesteryear into a surplus of around £4.4 billion.

1 9 8 4

A VIP gathering to witness the opening of the new Mossmorran plant. Distinguished speakers touch on one or two environmental aspects of the plant, such as how it has been built tucked into the contours of the land so as to be as unobtrusive as possible. Also mentioned are the industrial aspects, such as how the hydrocarbons being produced will ultimately be used in the manufacturing of a thousand and one household items, from lipsticks to records.

But above all, it is noted that the opening of Mossmorran marks the culmination of the twenty years in which Shell, and the countless number of smaller British companies that have worked for her, have invested thousands of millions of pounds and great skill and ingenuity in the North Sea.

With excitement, we all look forward to the next twenty years.

YOU CAN BE SURE OF SHELL



WORLD TRADE NEWS

Kieran Cooke looks at Jakarta's policy on trade with a former adversary

Indonesia-China relations begin to thaw

BACK IN the late 1960s the then Indonesian Foreign Minister, Mr Adam Malik, came under sharp criticism for importing large amounts of rice from China at the time of a serious drought in Java.

"We will trade even with the devil if it's in the interest of the people," he said in reply to his critics.

The equation between China and the devil has persisted in Indonesia. President Suharto's New Order Government froze diplomatic relations with Peking in 1967, accusing it of being behind an abortive coup two years earlier. Contacts have since been kept to a minimum: Chinese communism said Indonesian leaders was a threat to not only Indonesia, but the whole region.

But lately there have been changes in Indonesia's attitude. Dr Mochtar, Indonesia's Foreign Minister, has indicated on several occasions that some

moves are being made to establish direct trading links as a possible prelude to re-opening diplomatic ties. The first step would be the creation of trading offices in Peking and Jakarta.

Indonesia and China, the two giants of East Asia in terms of population and resources, share a pragmatism in both their foreign and trading policies.

Dr Mochtar says Indonesia will trade with almost anyone: "The Eskimos, the Holteens — though not Israel and South Africa." Similar, if less colourful, phrases have been heard in Peking.

Official figures show that Indonesia exported \$27m (£22.5m) worth of goods to China in 1983. This represented a 50 per cent increase over the 1982 figure, but is still only a small portion of the real trade actually going on. The bulk of trade is done through middlemen in both Hong Kong and Singapore. Last year, Hong Kong imported nearly \$200m

worth of goods from Indonesia — it is estimated that more than 60 per cent of those goods were re-exported to China.

Both Indonesian businessmen and Government officials who are desperately trying to increase Indonesia's non-oil and natural gas exports, say that with direct ties, Indonesia's products could compete much better in the China market.

At the moment, middlemen put surcharges of between 5 per cent and 20 per cent on goods, they claim and there are also additional costs for transhipping goods in either Singapore or Hong Kong. Most of the listed trade from Indonesia to China at present consists of coffee, spices and plywood. China has indicated it is interested in buying increasing amounts of these items plus fertilisers, sawn timber and rubber. Indonesian traders say that, unless action is taken soon, they could lose out: Malaysia is already exporting

significant amounts of rubber to China.

No official figures are available on imports from China, but in the past Indonesia has bought substantial amounts of rice. It is also interested in buying certain metals and raw materials. The big obstacle to direct trading links is, it seems, a political one.

Indonesia has consistently said that before relations with China can be normalized, Peking must declare it no longer supports any covert Communist activities in South East Asia and, in particular, the outlawed Communist party of Indonesia, the PKI. A senior Indonesian official says it would not be hard to overcome this problem: "A formula could easily be found to satisfy ideological qualms in Peking and, at the same time, appease Indonesia's suspicions."

There is, however, a powerful group within the army against

any direct relations — some remain fearful of any resurgence of PKI activity while others are perhaps worried that their cut of existing trade with China could be controlled largely by army interests, might be lost.

There is also the question of Taiwan. Indonesia has no direct relations with Taiwan but there is a growing amount of trade between the two, and chambers of commerce in both Jakarta and Taipei function as trading offices and quasi-embassies.

Indonesia exported more than \$200m worth of goods to Taiwan last year, nearly half of it crude oil. It is also negotiating a liquefied natural gas supply contract. Taiwan exported more than \$500m worth of goods to Indonesia last year, much of it machinery. Again, with the new flexible approach evident in China, it seems that some sort of accommodation on the issue of Indonesia/Taiwan relations would be possible.

The equipment, installation and process engineering on the two-line facility will be annual capacity of 165,000 tonnes of chemi-thermomechanical pulp for printing paper is to be delivered by SD by early 1987. The mill will be built by Soviet workers in Syktyvkar, 1,200 miles north-east of Moscow.

The Soviet purchasing agency, Promashimprom, will pay SKr 200m cash upon delivery.

The contract was won against tough competition from Swedish and Finnish forest machinery producers, SD said. It had earlier sold 25 pulp and board production lines to the Soviets.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

Swedes sell pulp mill to Soviets

By David Brown in Stockholm

SUNDÉS DEPIRATOR, a subsidiary of Sweden's SCA forest products group which sells pulp, paper and board machinery, has won an order from the Soviet Union worth SKr 200m (£19m) to deliver equipment for a complete pulp manufacturing facility.

The equipment, installation and process engineering on the two-line facility will be annual capacity of 165,000 tonnes of chemi-thermomechanical pulp for printing paper is to be delivered by SD by early 1987. The mill will be built by Soviet workers in Syktyvkar, 1,200 miles north-east of Moscow.

The Soviet purchasing agency, Promashimprom, will pay SKr 200m cash upon delivery.

The contract was won against tough competition from Swedish and Finnish forest machinery producers, SD said. It had earlier sold 25 pulp and board production lines to the Soviets.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

• ASEAC, the engineering and electronics group, has won an SKr 400m order from India's National Thermal Power Corporation for a 500 mw high voltage direct current power conversion station to connect the northern and western provinces of Uttarpradesh and Madhya Pradesh by early 1988.

AMERICAN NEWS

Senate Republicans set to choose majority leader

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

FIFTY-THREE Republican U.S. Senators gather behind closed doors today in a buddle reminiscent of a papal conclave to elect a new leader to succeed the retiring, much resented, Senator Howard Baker of Tennessee.

The veteran, as Senate majority leader in the Congress that convenes in January, will occupy one of the most powerful positions in Washington.

With two fewer Republican seats in the new Senate (down from 55 before this month's elections), and a slight increase in the weight of the moderate faction, the new leader will have a harder task keeping the party in line than Mr Baker. He will wield enormous influence over how far President Ronald Reagan succeeds in pushing his policies on the budget, defence and domestic and foreign affairs through Congress.

Five men have thrown their hats in the ring, but none of them claim to have the 27 votes needed to win on the first ballot. Under the rules, the contest will go to the fewest votes in each ballot, to drop out of the next round, progressively narrowing the field.

Sen Robert Dole of Kansas, the powerful chairman of the Senate Finance Committee, has long been considered the front runner, but he admits his success is far from assured.

Mr Dole, the beaten vice-presidential candidate in 1976, faces a campaign for senate re-election in 1986, and is considering a bid for the presidency in 1988.

Some of his colleagues may not want to give Mr Dole a head start in the 1988 race by elevating him to a position of national prominence.

Others fear that, with his other commitments, he may not have enough time to devote to the leadership—Mr Baker resigned partly to give himself the freedom of manoeuvre to test the presidential waters for 1988.

The second favourite is generally considered to be Mr Richard Lugar of Indiana, a capable organisation man, who may be too bland for some tastes.

Not so Mr Ted Stevens of Alaska, current majority whip and another contender, who is known for his bluntness and aggressive temper.

Conservative Mr James McClure of Idaho is the preferred candidate of the new Right, while the mantle of "dark horse" has been bestowed on Mr Pete Domenici of New Mexico, who is seen by his supporters as representing the Baker tradition of sincerity and law-abidingness.

The candidates' personalities and their ability to work with Mr Reagan are likely to be as important in the secret voting as experience or length of service.

But the election has also been viciously complicated by the possible implications for the Senate Committee chairmanship that are due to be assigned in January.

Three of the candidates, Mr Dole, Mr Domenici and Mr McClure, are chairmen of import-

Opposition groups in Chile begin protests

By Mary Helen Spooner in Santiago

Chilean opposition groups yesterday began a two-day protest and strike against General Augusto Pinochet's regime, and nearly 100,000 supporters and an official crack-down on political protest.

The protest organisers, who included leaders of the multi-party Democratic Alliance, called for solidarity and everlasting demonstrations yesterday and into the night just as had occurred for most of the campaign.

The protest organisers, who included leaders of the multi-party Democratic Alliance, called for solidarity and everlasting demonstrations yesterday and into the night just as had occurred for most of the campaign.

This marks the Chilean opposition's first anti-government protest since General Pinochet ordered a State of siege three weeks ago.

With most opposition publications banned and the rest of the Chilean news media under tight Press restrictions, dissident political and labour leaders have attempted to organise the protest and strike by word of mouth in Santiago and other cities.

Both the White House and a large number of moderate senators would be distressed if Mr Helms, with his dislike of arms control and his support for right-wing Latin American dictators, were to take foreign relations—a factor that works against Mr Lugar.

Mr Lugar has appealed to his colleagues to ignore the potential chain reaction and vote for him simply as "the best leader."

Mr Helms will actively seek foreign investment under his new Progressive Conservative Government. Mr Robert de Cotret, the minister heading the Canadian Treasury Board, said in an interview in London:

"You're welcome," was the message to foreign investors he said.

Mr de Cotret has come to Europe to spread the message in the financial and economic community as well as among governments after a period of Liberal government in Ottawa during which the Federal

Government took a caring attitude towards direct foreign investment.

Legislation is about to be tabled in the Canadian Parliament to transform the Foreign Investment Review Agency which has the job of examining proposed investments for the benefit it has brought to Canada. If no significant benefit could be established, the Cabinet had the power to disallow the investment.

The agency is to be known as Investment Canada.

Elections lift Uruguay's expectations

Jimmy Burns in Montevideo looks at the problems facing Sr Sanguinetti as he takes on democratic rule

URUGUAY WENT to the polls in an effervescent and generally peaceful mood, marred only slightly at the last minute by isolated clashes between rival political groupings. For in spite of the fist-fights that developed in downtown Montevideo, the aftermath of Sunday's general election was stamped with the smell of barbecued food and the sounds of music lasting through the day and into the night just as had occurred for most of the campaign.

The bubbling enthusiasm is the result of a political rediscovery. Sunday's presidential, congressional and municipal elections have marked the end of 11 years of military rule in a country that before the 1973 coup had gained an international reputation as one of the most democratic nations in Latin America.

The atmosphere in Uruguay today is in striking contrast to the situation earlier this year when a new clampdown on press freedom, the harsh break up of demonstrations, and the imprisonment of political leaders suggested that General Gregorio Alvarez, the military president, had no real intention of giving up power.

The turnaround in government attitudes came at the beginning of August when the military managed to get the approval of two of the country's major political groupings, the centrist Colorado Party and the left-wing coalition the Frente Amplio (Broad Front) for a staggered transition to a democratic transition for a democratic transition.

The armed forces agreed to hold Sunday's elections on the condition that they retained a limited role in the future security as members of an advisory national security council. At the

same time the handing over of power was fixed for March 1, and the reform of the country's militaristic constitution postponed for 15 months.

The victory on Sunday of Colorado's leader Sr Alberto Zumarán, a little known human rights lawyer, their campaign had as its main ammunition posters and taped television appearances of Wilson.

The effectiveness of Uruguay's political opposition should not be underestimated however. As has occurred in previous elections, no single political party has emerged with commanding majorities, so that Sr Sanguinetti will find it very difficult to govern unless he takes the opinions of the Frente Amplio and the Blanco Party into account.

Nevertheless, the Frente's failure to win the municipality of Montevideo or to oust the Blancos as the second major political force in the country showed that its links with the pro-Soviet Communist Party still alienates a large part of Uruguay's substantial middle class.

The Blancos, who only a few weeks ago seemed the clear favourites to win the election, had the wind taken out of their sails by the imprisonment of Sr Wilson Ferreira Aldunate, their charismatic leader.

"Wilson" saw his stature grow into mythical proportions during a ten year exile because of his vociferous attacks on the military regime. The tension and euphoria which surrounded his return to Uruguay in June was an important catalyst for the military's subsequent liberalisation.

The dilemma facing Sr Sanguinetti is a familiar one to any president that has taken over from a long period of authoritarian rule—how to reconcile the expectations generated by the elections with the need to put the country's economic house in order.

But as the election euphoria dies down, Sr Sanguinetti must know that he will have to tread extremely carefully in the coming months.

Unlike their Argentine counterparts, the Uruguayan military has not been defeated in a Falklands War nor unleashed the wrath of wide sections of the civilian population on account of the "disappeared." There has been torture and imprisonment in Uruguay on a large scale over the last 11 years but the human rights record is still not nearly as blotted as across the River Plate.

Thus the military are withdrawing from a position of relative strength and are liable to remain ever watchful of Sr Sanguinetti's performance. However the overriding feeling among political analysts in Montevideo is that perhaps the most positive aspect of the elections is that they confirm a trend in the region away from military governments towards democracy.

As one hardened Uruguayan democrat put it, perhaps somewhat over-optimistically, "the era of the sabres is giving way to the era of the vote. Thank God."

On the external front, Uruguay's foreign debt of \$4.6bn is one of the highest in per capita terms on the continent, equivalent to 78 per cent of GDP and five times annual export earnings.

The dilemma facing Sr Sanguinetti is a familiar one to any president that has taken over from a long period of authoritarian rule—how to reconcile the expectations generated by the elections with the need to put the country's economic house in order.

But as the election euphoria dies down, Sr Sanguinetti must know that he will have to tread extremely carefully in the coming months.

Unlike their Argentine counterparts, the Uruguayan military has not been defeated in a Falklands War nor unleashed the wrath of wide sections of the civilian population on account of the "disappeared." There has been torture and imprisonment in Uruguay on a large scale over the last 11 years but the human rights record is still not nearly as blotted as across the River Plate.

Thus the military are withdrawing from a position of relative strength and are liable to remain ever watchful of Sr Sanguinetti's performance. However the overriding feeling among political analysts in Montevideo is that perhaps the most positive aspect of the elections is that they confirm a trend in the region away from military governments towards democracy.

As one hardened Uruguayan democrat put it, perhaps somewhat over-optimistically, "the era of the sabres is giving way to the era of the vote. Thank God."

Quebec party loses seat

QUEBEC'S ruling Parti Quebecois has lost to the Liberal opposition in 22nd successive by-election since it was first elected in 1976.

A 26-year-old outsider Liberal candidate defeated a local PQ candidate in the working-class St Jacques riding in East Montreal by a good margin on Monday. Unemployment, schools and other local issues figured in the campaign. However, the split within the provincial Government of Premier Rene Levesque over whether the next election should be fought on the independence issue almost certainly played a major last minute role.

Canada launches drive to attract foreign investment

BY W. L. LIETKENS

GOVERNMENT will actively seek foreign investment under its new Progressive Conservative Government. Mr Robert de Cotret, the minister heading the Canadian Treasury Board, said in an interview in London:

"You're welcome," was the message to foreign investors he said.

Mr de Cotret has come to Europe to spread the message in the financial and economic community as well as among governments after a period of Liberal government in Ottawa during which the Federal

Caribbean to discuss Nato link

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

THE ESTABLISHMENT of formal defence links between the mini-states of the Eastern Caribbean and countries of Nato are to be discussed at talks in Barbados this week. They will be lead by Brig Rudyard Lewis, commander of the Barbados Defence Force.

The talks follow informal contacts between interested governments at the conference of the Organisation of Eastern Caribbean States held in St Lucia last week.

This week's talks centre on the degree of collaboration there should be between the proposed Regional Security Council

vice (RSS), mooted by the U.S. and Barbados governments, and other big powers with interests in the Caribbean.

The RSS is planned to embrace the security forces of Barbados and the Leeward and Windward Islands and to deter international and external threats to the governments of the small and vulnerable islands in the area.

The idea stems from the Eastern Caribbean Defence Community established in 1979 and has been strenuously championed by the U.S. Government since the Grenada crisis last year.

The project has been criticised by several governments of the area, notably that of St Vincent and Trinidad and Tobago.

Mr James Mitchell Prime Minister of St Vincent has said the region could not afford larger defence expenditures while its populations were in decline.

Mr Mitchell has also threatened to withdraw Vincentian policemen from the U.S.-led force stationed in Grenada.

Bomb blast at U.S. embassy

A BOMB exploded outside the U.S. embassy in Bogota on Monday afternoon, killing one woman and wounding six men, all Colombians, writes SARA RENDALL in Bogota.

No group has claimed responsibility but the attack has been widely attributed to Colombian drug trafficking gangs.

The embassy recently stepped up security after receiving threats to kill Americans if the extradition of Colombian citizens wanted for trafficking and money laundering went ahead.

Several extradition orders have been approved by the Colombian Government,

DISCOVER INSPIRED GREY MATTER



The human brain contains an estimated 100 million billion nerve cells. A Rhône-Poulenc scientist and one of the activities we undertake is to stimulate and encourage companies to develop new products in the areas of health, nutrition, cosmetics, pharmaceuticals, agrochemicals and fine chemicals.

RESEARCH THAT DELIVERS

Recently, we helped a major pharmaceutical company to develop a new product. This product is now available in the U.S. and Canada. It is a new product in a market that is very competitive. We helped the company to develop a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

As a result of our work, the company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product that is now available in the U.S. and Canada. It is a new product in a market that is very competitive.

The company has now developed a new product

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Pakistan's Habib dynasty

Keeping it in the family

A broadly based family management has replaced an autocracy.

"YOU SHOULD review your relationships every three to five years so you can adjust, rather than fighting later," says Rafiq Habib, one of Pakistan's new younger industrialists.

He is referring to the problem faced by many family companies in developing countries of how to move away from a benevolent form of managerial autocracy, run by the founder or a key elder figure, when younger relatives want some freedom.

Rafiq, reckons the Habibs, with over 50 members of their family actively involved in over 100 companies, have successfully loosened the reins of central direction. They have also relaxed conventions about cross-financing between the family's five main business branches and appear to have avoided fierce family quarrels that can break out over ownership and prestige when a major figure dies.

The Habibs, a famous business family on the Indian subcontinent, They founded the Habib Bank in Bombay in 1941, and moved it to Karachi in 1947 when Pakistan was separated from India after independence. Now five branches of the family, each started by a son or daughter of the founder, Habib Ismail, run a growing number of industrial and

commercial companies employing over 15,000 people. The bank still operates abroad under Habib funds, known as Habib Bank AG Zurich. In Pakistan it still carries the Habib name, even though it was fully nationalised in 1974. It was the cornerstone of a commercial and industrial empire including insurance, jute and textiles, much of which was nationalised in the early 1970s when the then Bhutto government set out to quell the power of Pakistan's 21 major families.

Along with other families the Habibs were losing businesses for the third time—in the previous 15 years they had been ousted from Burma and Bangladesh after it separated from Pakistan.

The scars of those blows to entrepreneurial enthusiasm still hinders Pakistan's industrial development.

Many of the families invest abroad rather than in Pakistan, even when the Habibs seem to keep their personal financial commitments low, relying heavily on borrowed money for new projects.

This is partly why family businesses are not usually linked up in formal groups (legal and taxation requirements also deter formal groups). The families want to avoid the risk, for example,

of their engineering or textile interests being nationalised accidentally in a government take-over of, say, sugar or cement industries.

It is these fears of nationalisation, plus the need to relax central control in expanding families, that has influenced the devolved form of ownership and management that the Habibs have adopted within and between the five family branches.

The branches are known by the names of the four sons and one daughter of Habib, Ismail, Ahmed, Habib, Dawood, Habib, Mohammed Ali Habib which Rafiq runs, Gulam Ali Habib and Sakina Hajji Mohammed. Each of the branches is now run by Ismail's grandchildren.

Rafiq, one of four brothers in his branch, is chairman of 15 public limited companies and a dozen other industrial units. He has a turnover of about £120m a year. The businesses include a major foundry (see accompanying article), automotive components, gypsum and stramit board, cement and paper sacks. He also has an agreement with Toyota to produce its cars in Pakistan, but needs government clearance and is talking to Sumitomo about a Dunlop tyres plant.

Four of his companies have been successfully floated on

the Karachi stock exchange in the past year.

The two biggest of the five branches are Rafiq's and the Dawood branch, which includes a new joint venture with the Pakistan Government called Al-Ghar to produce Fiat tractors, as well as sugar mills, particle board and glass container factories and various textile businesses.

In Rafiq's branch, two of his brothers are involved in running the family's Zurich-based bank, and the third heads engineering and gypsum interests. All the businesses within the branch are run as separate enterprises in line with the family's philosophy.

The most significant devolution, however, has taken place in the central family control and financial relationships linking the different branches as individual members have wanted to make their own mark.

Until two years ago there was a joint family council of one representative from each branch, which set overall trends and had an affective veto on new projects and other major decisions.

"Ten years ago we met monthly, five years ago twice a year, then once a year. Now there are no formal joint



Rafiq Habib: other family members have influence by veto

daily for lunch. Later they gathered every Friday after Muslim prayers for lunch at the offices of Habib and Sons, the family's old cotton company and flagship.

But the late ex-president Bhutto stopped that when he made Friday a weekend holiday in 1977. "So we don't go in the office after prayers any more and there is no lunch. In any case, imagine trying to do it with all the 44 members of the family now active in the business—it wouldn't be quite the same," says Rafiq.

carried out in Pakistan instead of the European countries of origin, and local delays. "Time is zero in this country—a four-week delivery here is four months" of engineering construction," said one of the British consultants.

But the economics remain. The installed cost of the equipment is estimated at only about 25 to 30 per cent of the £9m to £10m cost of new equipment, although the company estimates that extra costs and delays can bring the total up to 30 to 40 per cent.

It is these economies that Rafiq Habib hopes will make him internationally competitive. "China is discounting 54 per cent on pipe fitting list prices, but in two years Baluchistan Foundry should be able to compete and export pipe fittings made in Pakistan," he says.

Marketing managers

The missing generation

IN FIVE years' time there will be a dearth of top quality marketing managers.

This gloomy view was given to delegates at the 25th anniversary conference of the Marketing Society in London last week by Keith Holloway, group director of Watney Mann and Truman, the UK brewer.

"The recession and the subsequent attack on company overheads has had a savage effect on the number of people employed in marketing," he said. "Few are very difficult to obtain but the opinion of senior marketing people I have spoken to is that the size of most marketing departments has been reduced by between a third and a half."

Holloway added that many of the cuts had come at junior management level. "So the opportunity for bright young people to take up marketing has been greatly reduced," he said, which pointed to a "desperate shortage" of senior management in a few years' time.

The danger of this policy, he maintained, was that marketing, having come so far in a quarter of a century, may go into reverse. His concern was supported by Stephen King of the J. Walter Thompson advertising agency:

"In some instances, I find we're coming back towards a situation that existed when I first worked at JWT in the late 1950s, when the agency wrote the clients' 'marketing' plans."

King also suggested that the cuts in marketing professionals had come at an inappropriate moment. "One of the things that does concern me is that just as companies are getting their market data sorted out on to their computers, they are taking decisions that people who might be able to analyse their data," he said. "As a result these vast stores of potentially useful information are often being used for little more than telling managers what last month's market share was."

The failure of companies to consider a marketing approach in more depth had led, suggested Holloway, to increased export penetration, which explained, he believes, the higher unemployment. "We know that marketing has not always found it easy to take root in British business and is still, in many instances, growing in shallow soil. It is perhaps a more fragile plant than we realise."

David Churchill

Business

courses

Pensions in 1985, London, 22-30 January. Fee: £300 + VAT. Details from the Financial Services Committee of the Management Centre Europe, rue Cardy 15, B-1040 Brussels. Tel: 32/2/5161911. Telex: 21317.

Current research in management, Herts, January 3-4. Fee: ATM members £115 (residential); non-members £135 (residential). Details from Marguerite Gatreux, Association of Teachers of Management, Polytechnic of Central London, 33 Marylebone Place, London NW1 5LS. Tel: 01-581 1355. Telex: 27347 PTCONF G.

Advanced selling skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

Problem solving skills for managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

International marketing management conference, Brussels, February 1-2. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Corporate planning in practice, Henley, January 27-February 1. Fee: £790 (residential). Details from the Short Courses Secretariat, The Management College, Greenlands, London NW1 3AU. Tel: 01-581 5311 ext 239.

Interpersonal skills for general managers, London, January 27-February 1. Fee: £950 (residential). Details from the Registrar, London Business School, Sussex Place, Regent's Park, London NW1 4SA. Tel: 01-580 5050. Telex: 27401 LBSK02 G.

<p

UK NEWS

New capital-raising methods of banks come under scrutiny

BY DAVID LASCELLES, BANKING CORRESPONDENT

NEW METHODS used by banks to raise capital and boost the volume of business that does not appear on their balance sheets are coming under close scrutiny from international bank supervisors.

The likelihood that bank regulatory practices will have to be changed to take account of them was raised by Mr Cooke, the head of supervision at the Bank of England. Mr Cooke, who also chairs the Basle Committee of international bank supervisors, was addressing a meeting of banking officials in Kathmandu, Nepal, last week.

The Bank of England this week released the text of his speech, which foreshadows a discussion paper on UK bank capital now in the final stages of preparation at the Bank.

Mr Cooke said banks were raising more loan capital, as opposed to equity. Many countries allow them to count some of it as capital when calculating capital ratios, the amount by which a bank can "gear up," even though it is not as good as equity.

However, Mr Cooke said the Bank was worried about "trigger clauses" in many loan capital deals that allow investors to demand repayment if a bank gets into trouble and is considering whether to con-

STATE HAS 'FULL COMMITMENT' TO PROTECTING MARINE ENVIRONMENT

Nuclear dumping at sea to halt

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is expected to abandon dumping radioactive wastes in the Atlantic, after a joint Government-TUC review of the annual nuclear industry sea dump.

It is understood that the review body, under the chairmanship of Professor Fred Holliday, vice-chancellor of Durham University, does not come out sufficiently strongly in favour of the sea dump to justify its retention.

Prof Holliday's report is to be published next month. Sir Peter Harrop, second permanent secretary at the Department of the Environment, said in his opening address to the radioactive waste management conference of the British Nuclear Energy Society in London yesterday.

Sir Peter told about 300 delegates that the Government would shortly publish the guidelines by which it proposes to judge plans for the siting of new land-based nuclear waste dumps.

His own department was looking "well into the next century" in making

its forecasts of the amounts and the kinds of nuclear wastes Britain will accumulate.

In general conclusion was that future difficulties were "unlikely to be qualitatively different from those we can see".

Britain has been sea dumping about 200-300 tonnes a year of radioactive waste contaminated with traces of long-lived radio-isotopes such as tritium and plutonium.

Such waste, embedded in 10 times its own weight of concrete shielding, will have to be stored at the new sites together with other kinds of nuclear waste from the medical, defence and nuclear electricity industries.

Prof Paul Matthews, chairman of the Government's Radioactive Waste Management Advisory Committee, disclosed the end of sea dumping in answer to a delegate's question.

Prof Matthews said, however, that even by the end of the century, when Britain would be producing about 30 per cent of its electricity from nuclear stations, the total accumulation of nuclear wastes would be only the same weight as "about a week's spoil from the coal mines".

Prof Matthews said the issues of nuclear waste management were "almost exclusively political". Political activity was barring access to information the nuclear industry needed to design its repositories.

Judge may fine second union at Austin

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A HIGH COURT judge in considering whether to fine the white-collar section of the Amalgamated Union of Engineering Workers for its alleged contempt of court in connection with the Austin Rover strike, which ended last week.

The Transport and General Workers' Union was fined £200,000 Monday for contempt of court. The fine was imposed because the union failed to comply with an in-

junction ordering it not to encourage its members to strike at Austin Rover. The union was given 14 days to pay.

Mr Justice Hodgson said yesterday that he would probably give his ruling on Friday on Austin Rover's claim that Tass - the technical, administrative and supervisory section of the Amalgamated Union of Engineering Workers - deliberately

ignored a court order to call off the strike by its members.

Earlier yesterday the company had agreed that the injunctions made on November 8, to withdraw strike instructions and not to call a strike until one had been supported by a majority of the union's members in a ballot under the 1984 Trade Union Act, should be discharged.

However, Austin Rover pressed for a contempt penalty, saying that Tass had taken a conscious and deliberate decision that it was not bound by the order while it was in force.

Mr Stephen Sedley, QC, for Tass, said the union had not officially endorsed the strike call by the union side of the joint negotiating committee at Austin Rover. It could not, therefore, be punished.

TECM said it had a record of all the holes drilled by the UK oil industry, both on land and offshore. It prefers deep-sea wells situated where the earth's crust is thin and where the least drilling is required to reach high temperatures. The cold water also absorbs the generator's exhaust heat.

Mr Lockett said his company already had "a substantial proportion" of the £2.7m cost of developing a 2.5 MW generator and that the balance would be arranged soon.

Dry North Sea wells may give cheap electricity

BY MAURICE SAMUELSON

EXHAUSTED North Sea oil or gas wells might still contribute to Britain's energy needs by being turned into a modest source of cheap electricity as a result of an £8.7m project being proposed to the oil industry by a small, Lancashire-based company.

Submersible generators would produce electricity on the seabed from oil wells sunk by the oil industry.

The project has been designed by Total Energy Conservation and Management (TECM) of Shetland, whose chairman, Mr George Lockett, hopes to have its first working model in 18 months.

Unlike other geothermal projects, in which two adjacent boreholes are used to circulate the heat from beneath the earth's surface, the TECM system requires only a single borehole, similar to those drilled by oil rigs.

One of the projects TECM is discussing with the oil industry involves installation of a submersible generator on a well-head that is about to be abandoned. It could produce 2.5 megawatts of electricity for sale to the national grid.

If completely utilised, it would have raised the industrial coal market by 3m tonnes a year.

Because of the miners' strike only £60m has been taken up, and there is no chance that the balance will be allocated by the end of the year.

Coal board officials, who want the scheme extended, argue that even during the strike some businesses have switched to coal and that, apart from the electricity, steel and aluminium industries, the board has kept up its supplies to industry at 85 per cent of last year's level.

Radioactive clean-up at closed naval base

BY OUR SCIENCE EDITOR

THE ROYAL Navy's nuclear submarine base at Chatham, Kent, is to be dismantled by Northern Engineering Industries in the first substantial contract for nuclear clean-up operations to be given to the private sector in Britain.

The £600,000 contract has been awarded to NEI Nuclear Waste Technologies of Gateshead, by Rolls-Royce and Associates, the defence company that has "cradle-to-grave" responsibility for the Navy's nuclear propulsion systems.

Chatham has been closed as a submarine refit base with the commissioning of the Navy's £50m facility serving its hunter-killer submarine fleet at Devonport.

Mr John Bennett, chief executive of NEI Waste Technologies, says he expects the contract to occupy about 20 people at Chatham for the next year.

His task is to free the dockyard of all nuclear contamination picked up in the 20 years during which it has served as a nuclear submarine base.

Radioactive components and materials will be packaged by NEI and handed to the Ministry of Defence

He said the attractiveness of the scheme had been enhanced by last year's Energy Act which, for the first time, gave legal backing to private companies wishing to generate electricity as their primary business.

• The Government is considering ending its financial assistance to companies that switch to coal from oil gas.

The Department of Energy said it would like the scheme to continue beyond this year, when it is due to be cancelled or renewed. It has not yet, however, convinced other government departments, including the Treasury, that it is still justified despite the miners' strike.

Mr Peter Walker, Energy Secretary, said last month the strike had deterred more than 1,800 companies from switching to coal, even though it remained "very competitive" with other industrial fuels.

In the past three years the Government has made £75m available to cover up to 25 per cent of approved costs of converting boilers and furnaces to coal.

If completely utilised, it would have raised the industrial coal market by 3m tonnes a year.

Because of the miners' strike only £60m has been taken up, and there is no chance that the balance will be allocated by the end of the year.

Coal board officials, who want the scheme extended, argue that even during the strike some businesses have switched to coal and that, apart from the electricity, steel and aluminium industries, the board has kept up its supplies to industry at 85 per cent of last year's level.

Radioactive clean-up at closed naval base

BY OUR SCIENCE EDITOR

THE ROYAL Navy's nuclear submarine base at Chatham, Kent, is to be dismantled by Northern Engineering Industries in the first substantial contract for nuclear clean-up operations to be given to the private sector in Britain.

The £600,000 contract has been awarded to NEI Nuclear Waste Technologies of Gateshead, by Rolls-Royce and Associates, the defence company that has "cradle-to-grave" responsibility for the Navy's nuclear propulsion systems.

Chatham has been closed as a submarine refit base with the commissioning of the Navy's £50m facility serving its hunter-killer submarine fleet at Devonport.

Mr John Bennett, chief executive of NEI Waste Technologies, says he expects the contract to occupy about 20 people at Chatham for the next year.

His task is to free the dockyard of all nuclear contamination picked up in the 20 years during which it has served as a nuclear submarine base.

Radioactive components and materials will be packaged by NEI and handed to the Ministry of Defence

at Chatham, which will take responsibility for their disposal.

Mr Bennett said his company won the contract in competition with several other UK companies, forming a newly emerging sector of the nuclear industry dealing with nuclear wastes.

The contract includes the decommissioning of engineering and laboratory facilities used by Rolls-Royce and Associates to remove the used fuel core of nuclear submarines, and refuel the reactor.

No nuclear fuel is involved, however, since the Navy despatches all used submarine fuel to the Sellafield factory of British Nuclear Fuels, in Cumbria, for storage in its own used fuel pond.

NEI Waste Technologies is jointly owned by NEI (55 per cent), PPC Consultants and Chem Nuclear Systems of the U.S., specialists in decontaminating radioactive materials.

Mr Bennett said he hoped the nuclear waste treatment business would grow fast enough to absorb some of the engineering effort now becoming redundant with the end of NEI's reactor orders.

Stricter rules planned for whisky labelling

GOVERNMENT proposals to strengthen the labelling requirements for Scotch whisky have been welcomed by the Scotch Whisky Association, Lisa Wood writes.

The association, however, has expressed disappointment that the Government is unable to introduce a legal minimum strength of 40 per cent alcohol, which has been the normal strength of Scotch whisky for about 70 years.

Under-strength whiskies have an estimated 5 per cent share of the UK whisky market. Although suppliers of under-strengths are legally obliged to mark the product as such, traditional Scotch whisky suppliers complain that labelling is not always conspicuous and can lead to consumers being confused.

Mr Michael Jopling, Minister for Agriculture, Fisheries and Food, said he had withdrawn earlier proposals for new whisky regulations because he had been advised that it would not be appropriate to use food legislation to impose a minimum strength requirement.

"We are, however," he said, "considering ways and means of improving the labelling requirements for under-strengths and we expect to make fresh proposals on this matter shortly."

Mr Jopling said he was also continuing to press for progress in the EEC Council of Ministers on the proposal for a Community regulation defining spirits, which includes a requirement that Scotch whisky should not be less than 40 per cent alcohol by volume.

Figures published by the Scotch Whisky Association show exports for the first 10 months of this year to be 1 per cent up on the same period of last year.

• BIG TOUR operators may have to re-examine their prices for next year, according to British Airways

Holidays, which includes Sovereign and Enterprise. Its 1985 holidays have average price increases of about 12 per cent in a marketplace where increases have been up to 20 per cent.

British Airways said it believed the market would not bear increases of 18-20 per cent and it had cut costs by reducing advertising plans by 50 per cent and combining the Enterprise and Sovereign brochures.

• HOUSE REBUILDING costs rose on average by 5.1 per cent over the 12-month period to September 1984, according to figures released from the British Insurance Association.

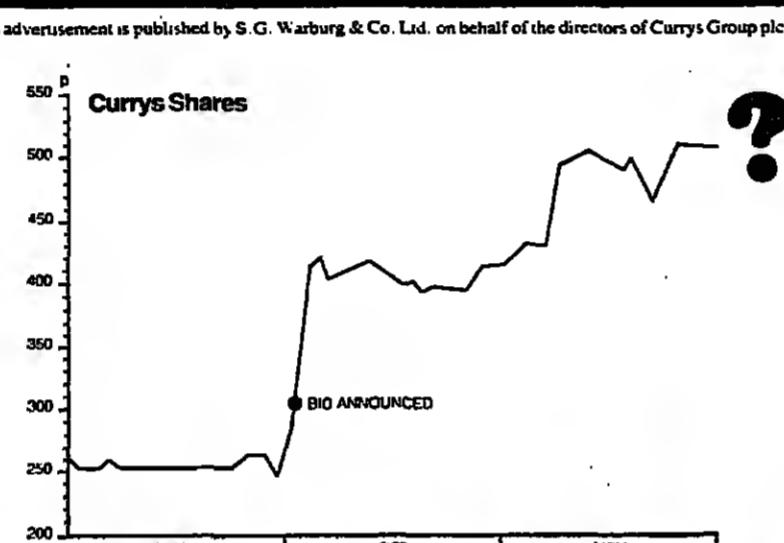
• MR JIMMY DUNBAR, the director of British Steel's Ravenscraig steel mill in Scotland, is to take over as chief executive of the troubled North British Steel castings company in Bathgate, near Edinburgh.

His appointment follows the financial restructuring of the company after heavy losses in the last two years.

• MARKS & SPENCER, the retailer with the largest sales volume in the UK, announced that its first out-of-town store was to be at Gateshead, North-east England. The store, due to open in 1986, will be the largest out-of-town shopping complex in Britain.

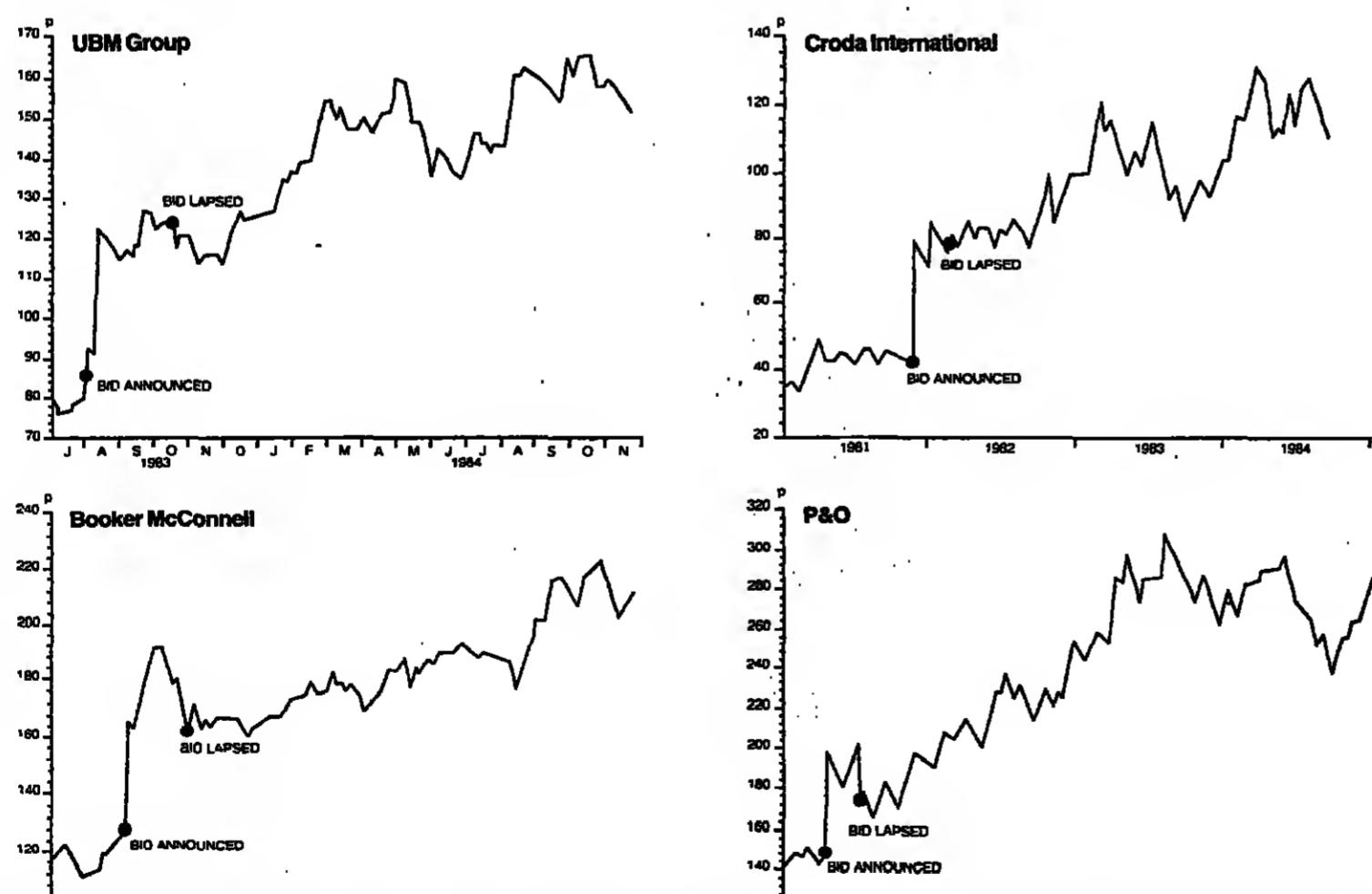
• THE UK helicopter industry, including both operators and manufacturers, is seeking a new site in central London for a helipad to allow regular flights with minimum noise disturbance.

That was disclosed by Captain Eric Brown, chief executive of the British Helicopter Advisory Board, who announced a campaign to improve the public image of the helicopter and its role in modern transport.



How high will Currys' share price be after Dixons' bid lapses?

Look at some recent experience of companies for which unsuccessful offers have been made. These graphs* show the benefit of REJECTION.



*Source: Datastream. NB - No account has been taken of the movement of share prices on the market generally.

THE HOLDERS OF A MAJORITY OF CURRYS SHARES HAVE NOT ACCEPTED DIXONS' OFFER

YOU CAN WITHDRAW YOUR ACCEPTANCE AT 3.00pm ON WEDNESDAY 28th NOVEMBER

RE-JOIN THE MAJORITY

Each director of Currys Group plc (including those who have delegated detailed supervision of this advertisement) has taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

UK NEWS

Pilkington opens energy-saving glass factory

BY LORNE BARLING

PILKINGTON GLASS, the company based at St. Helens, Lancashire, that dominates the UK glass industry, has invested £1m in a plant to produce a new energy-saving product called Kappafloat.

Kappafloat, a coated glass, has been developed by the company over the past 10 years and is said to improve insulation by up to half over ordinary double glazing.

The glass is coated with selected metals and metal oxides in a vacuum chamber, under carefully controlled gas pressures. The finished product lets in heat and light, with the metal coating acting as a one-way barrier, with significant reductions in the amount of heat leaving buildings.

The new factory, at Corby in the Midlands, was opened yesterday by Mr Peter Walker, Secretary of State for Energy, who pointed out that Britain was near the bottom of the European league on energy saving.

Mr Pilkington, group chairman, said that if the country's stock of single-glazed housing was re-glazed with the new product, it would save the equivalent energy of 5m tonnes of oil a year, or about 2900m.

TSB Trust launches motor insurance policy

BY ERIC SHORT

THE TSB TRUST Company, the insurance and investment subsidiary of the Trust Savings Bank group, is widening its non-life insurance operations by entering the motor insurance market.

Its motor insurance policy will appear next spring underwritten by Royal Insurance (UK). Mr Mike Ramsay, TSB Trust's marketing director, said it would be a totally up-to-date product and priced competitively, but he would give no further details of the contract.

TSB Trust entered the personal non-life insurance market in June 1979 with the launch of its home insurance, buildings and contents poli-

Earth movers start to retrench

BY IAN RODGER

A SPECIAL KIND of refugee can be seen near Birmingham this week.

The occasion is the International Construction Equipment exhibition at the National Exhibition Centre, and many of the exhibitors are companies that have been through either bankruptcy or a change of ownership since the last ICE in 1981.

The show is otherwise remarkable mainly for its absences. Many leading companies, such as J. I. Case of the US, J. C. Bamford Excavators of Britain and Liebherr and Orenstein & Koppel of West Germany, have apparently decided that there are too few orders to be had in this deeply depressed industry to justify the effort of exhibiting.

It is very disappointing, but it is what I expected," Mr John Arkell, managing director of Volvo BM, said. Volvo, a leading maker of dump trucks, is at the show, but is not showing any machines.

Many of those that did come seem to be here mainly to show that they are still in business, albeit under new ownership. Probably the largest single group of refugees comes from the West German IBH group, which collapsed late last year. Many of them appear to be trying hard to distance themselves from IBH associations.

Hymac, for example, the British excavator maker taken over by Northern Engineering Industries, has



Mechanical excavator industry faces a difficult future

become NEI Hymac. Its machines by the IBH associate Whiteman, are displayed alongside NEI dump trucks and concrete mixers as if they had always belonged.

"We have sold 150 machines since the acquisition," Mr Egan O'Callaghan, marketing manager of NEI Thompson, said. That is nothing like the volumes Hymac had in its heyday in the 1970s when it was UK market leader, but Mr O'Callaghan is not complaining.

"We are in this to make money, not for market share."

Blaw Knox, the UK paving company that was part of Babcock International before being taken over

moving equipment group of which the Scottish operations have been bought back by General Motors, is not.

A few months ago, the sight of huge Grove and Coles mobile cranes confronting each other across an exhibition hall floor would scarcely have been noticed. Now they look faintly amusing. Grove, the US-based industry leader, has recently acquired Coles from the receiver of Acrow, the UK group.

"It all happened so fast, and we were all organised for the show, so we just went ahead," a Coles official said.

Nearby, a giant Aveling Barford dump truck testifies to the continuity of this former BL subsidiary, sold late last year to a US entrepreneur.

Diesel engine makers form another big group of exhibitors. "We are just here to support our customers, we never sell any engines at these shows," Perkins Engines said.

Maco Meudon, the French compressor maker bought out by its management, has returned to life as Maco, and describes itself as "simply the best." Duomat, the West German compaction equipment maker, is now Ammann Duomat, taking on the name of its new Swiss parent company.

Two other former IBH companies, Blaw Knox and Lanz, are also at the show, but Terex, the big earth-

Nissan UK auctions joint-venture models in bid to cut stocks

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN UK has been selling at auction new Cherry Europe models — cars made in Italy by the joint-venture company owned by Nissan of Japan and Alfa Romeo, the state-owned Italian group.

Despite criticism levelled at the Cherry Europe by some Nissan UK dealers, who were expected to do more pre-sale preparation work on them than Japanese cars normally need, the networks had sold 2,703 this year compared with 2,054 in the same period of 1983.

That follows the launch in Britain this month of the Alfa Romeo version of the same car, called the Arna. Alfa's wholly-owned British subsidiary took a very aggressive marketing approach and has priced its version at £425 less than the equivalent model with a Nissan badge.

The Alfa Arna 1.2-litre SL has an "introductory" list price of £4,350 compared with £4,775 for the Nissan Cherry Europe 1.2-litre, even though the Alfa car has more doors — five instead of three.

Nissan UK, a privately owned concern, said yesterday that, as a result of the introduction of the cheaper Alfa cars, the company had decided it did not want to keep substantial stocks of Cherry Europe — particularly as dealers were also holding enough stocks of the Italian-built cars.

Engines, though, do not make a construction equipment show. Visitors like to see what they call big tackle, and they like to see it in action. At ICE, there is not much of either.

Output of the joint company

should be about 30,000 cars this year, of which 6,000 to 7,000 will be exported either to Alfa or Nissan dealer networks outside Italy.

Grown-up businesses shouldn't be tied to anyone's apron strings.

We have a belief at Wang that businesses thrive on independence.

Accordingly, the Wang VS computer system was designed to satisfy all your data processing needs without being dependent on a mainframe facility.

Naturally, the Wang VS system can integrate with other mainframes if the company structure requires it. But the beauty lies in freedom of choice.

The Wang VS is a system without ties. For businesses that prize their independence.

WANG

The office automation computer people.

WANG LTD, 651 LONDON ROAD, GLENFORTH, MEDEV. TEL: 01 560 4141



TRIUMPH ADLER

To find out how the world's second largest electronic typewriter manufacturer answers your business computing questions ring Kate Myles at Triumph Adler on 01-250 1717

TA-World Leaders in Office Communication

BASE LENDING RATES	
A.B.N. Bank	9.1%
Allied Irish Bank	9.1%
Amro Bank	9.1%
Barclays Bank	9.1%
Barclay Trust Ltd.	11.2%
Associates Can. Corp.	10.4%
Banco de Bilbao	9.1%
Bank Hapoalim	9.1%
BCCI	9.1%
Bank of Ireland	9.1%
Bank of Scotland	9.1%
Bank of India	10.2%
Bank of Scotland	9.1%
Banque Belge Ltd.	9.1%
Barclays Bank	9.1%
Beneficial Trust Ltd.	10.1%
Brit. Bank of Mid. East	9.1%
Brown Shipley	10.1%
CBN Bank Nederland	9.1%
Canada Permanent Trust	9.1%
Cayzer, Ltd.	9.1%
Cedar Holdings	11.1%
Charterhouse Japet...	9.1%
Chularians	11.1%
Citibank NA	9.1%
Citibank Savings	11.1%
Clydesdale Bank	9.1%
C. E. Cotes & Co. Ltd.	10.1%
Comer, B. N. East	9.1%
Co-operative Credits	10.1%
Co-operative Bank	9.1%
The Cyprus Popular Bk	9.1%
Dunbar & Co. Ltd.	9.1%
Duncan Lawrie	9.1%
E. T. Trust	11.1%
Exeter Trust Ltd.	10.1%
First Nat. Fin. Corp.	12.1%
First Nat. Secs. Ltd.	12.1%
Robert Fleming & Co.	9.1%
Robert Fraser & Pines	10.1%
Grindlays Bank	9.1%
Guinness Mahon	9.1%
Hamrocks Bank	9.1%
Heritable & Gen. Trust	9.1%
Members of the Accepting Houses Committee.	
7-day deposits 6.25%, 1 month 6.5%, 3 months 6.75%, 6 months 7.0%, 12 months 7.35% £10,000, 12 months 8.00% £10,000 8.25%, £10,000 up to £50,000 7.4%, £50,000 and over 8%.	
Call deposits £1,000 and over 6.75%.	
21-day deposits over £1,000 7.4%.	
Demand deposits 6%.	
Mortgage base rate.	



TECHNOLOGY

SWEDEN INVESTS IN AUTOMATION

Road computers

THE SWEDISH National Road Administration is spending £20m on installation of a large computer network which will contain all its engineering, planning and administrative information.

The government funded body is responsible for maintaining and operating the Swedish road network which has about 40,000 km of roads. It also plans, designs and constructs new roads. The main problem for the organisation, employing about 9,000 people, is that it is very dispersed operating on three levels — a central headquarters, 31 regional and road building divisions and more than 300 small teams working throughout the country.

Though some computing systems exist at the administrative headquarters, it wants to allow the regions and small sites to have access to engineering design and planning information stored on the central

computer. The administration has come to the UK based Butler Cox consultancy for advice on designing and building the system which it believes will take until the end of the decade to complete. The system will have about 90 terminals and about 60 small computers throughout the country. Within each office, users will have the facility for local computing, extracting information from the larger central computer, word processing and the transmission for telex and electronic mail services.

This month, the road authority began discussions with software and hardware suppliers on the finalising the specifications for the systems which will be based on a network of microcomputer interconnected via a communications system.

ELAINE WILLIAMS

BOSTON UNIVERSITY
MASTER OF SCIENCE
IN BUSINESS ADMINISTRATION

Spring Term

5 January to 12 April

Evening and Weekend Classes
Courses are taught in Central London,
Harrogate, North Yorkshire, and
Aberdeen, Scotland

For full information, contact:

Boston University
Africa House
64/78 Kingsway
London WC2B 6BL

Telephone: (01) 831 9438 or

(01) 831 8898

Boston University is a fully accredited American University located in Boston, Massachusetts, USA.



INQUIRE

Advanced Management Information software that
outdates other systems by providing
complete information in both text and numerics

Information from John Parrot, THORN EMI Computer Software, Computer Products Division, Thomson House, 296 Farnborough Road, Farnborough, Hants GU14 7HU, Tel: 041 543232

THORN EMI Computer Software

EUROPEANS PLAN A RE-USABLE ARIANE ROCKET

How to cut the cost of space flights

BY PETER MARSH

SPACE engineers in Western Europe are considering a winged, re-usable version of the successful Ariane rocket as the basis of the continent's next foray into launch-vehicle technology.

The development would take a lead from work in the US, in that the first stage of the new rocket would glide back to earth in the same way as the space shuttles built by the National Aeronautics and Space Administration.

Planners at the 11-nation European Space Agency (ESA) are examining proposals for the new vehicles as a way to cut costs. The recoverable first stage of the rocket would be based on an expensive cryogenic engine which uses a particularly powerful combination of fuels, liquid oxygen and liquid hydrogen.

Due to the costs of developing such engines, ESA planners argue, it becomes useful to consider recovering the devices by bringing them back to earth. This is as an alternative to the conventional strategy of rocket launches in which all the stages of the vehicle are jettisoned after they have pushed a payload such as a satellite beyond the atmosphere.

A consortium of industries has just finished a study for ESA on the possibilities of the new rocket, which could be developed by the late 1990s. The consortium included Aerospatiale of France, MBB-Erm and Dornier of West Germany, Britain's GEC Avionics and Airtalia of Italy.

ESA engineers hope for a decision on building the new launcher within the next year.

According to ESA officials, development of the winged rocket would be more expensive than that of an equivalent expendable vehicle. But because launch costs are reduced, the work would start to cut costs after about 25 flights.

Costs for building a winged launcher based on a recoverable first stage and expendable second stage are put at \$2.3bn. In contrast, to develop a new, more powerful version of the current Ariane that is based on expendable stages would require \$1.8bn, according to ESA planners.

Launch costs are estimated at \$52m for the conventional form of the rocket and \$33m for the launcher based on the more novel technology. Publication of the consor-

tium's study comes at a time when ESA is considering its strategy for the next 10 years. The agency must agree by the end of January whether to cooperate with the US in the latter's plan to build a permanent manned space station by the mid-1990s.

Already under discussion is a proposal by the French space agency (CNES) to develop a new form of Ariane called Ariane-5. This would have a large, powerful cryogenic engine called HM60 in the first but the second stage. But, as with the conventional liquid-fuelled engines of the current series of Ariane rockets, the stage would be burnt up in the atmosphere after its fuels are consumed in orbiting a payload.

In today's version of Ariane launchers, the first two stages use engines which burn ultra-dimethyl hydrazine and nitrogen tetroxide.

CNES engineers have proposed for Ariane-5 three possibilities, all of which feature HM60. The least ambitious proposal includes, as a first stage, engines based on those used in the first two stages of the current Ariane.

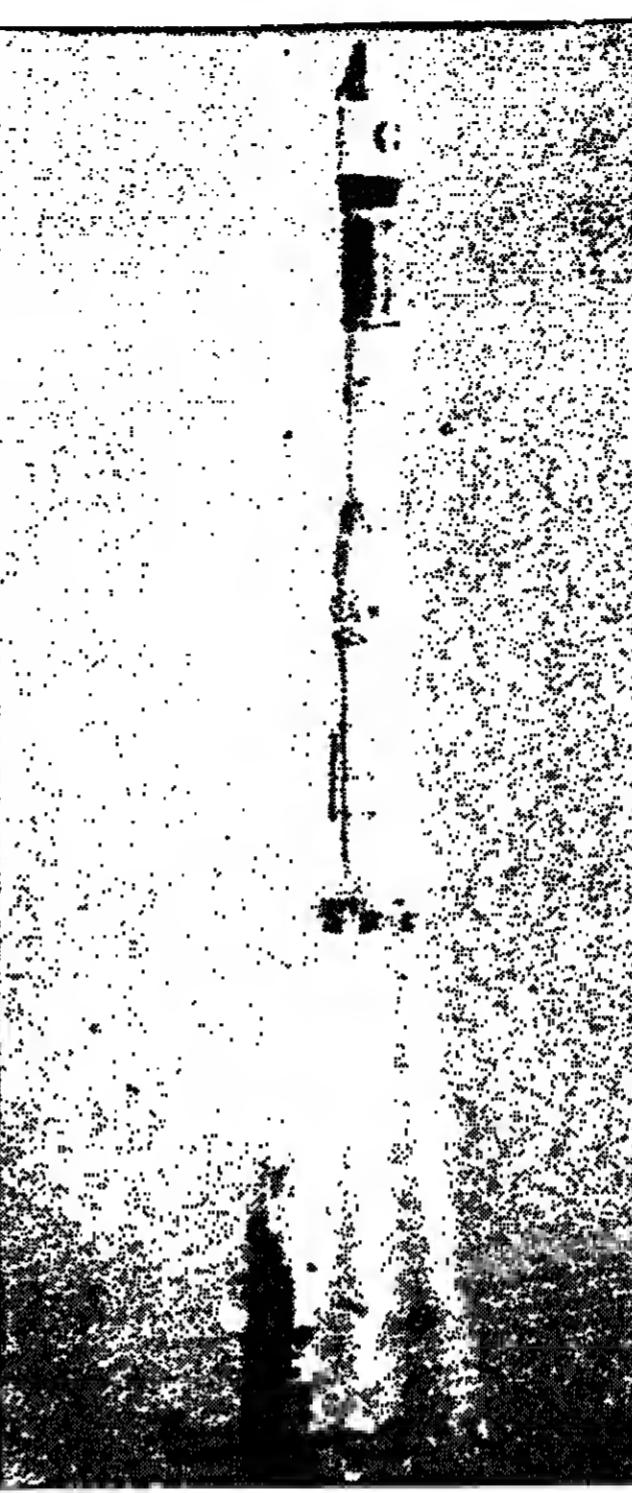
Other derivatives, says CNES, could use new, solid-fuel engines in the first stage or could dispense with old technology altogether and use HM60 engines in both the first and second stages.

In planning for first-stage recovery, engineers must tackle the aerodynamics of bringing this part of the rocket safely to earth. The velocity of the first stage after its fuels are consumed would be 1.5-2 km/sec.

It would be on a ballistic trajectory some 400 km from its launch base at ESA's rocket centre in Kourou, French Guiana.

At this point, small air-breathing engines on the first stage would start up, to guide the vehicle back to the launch pad. These turbines would operate in much the same way as the engines on any other automated aeroplane. For instance, the V-1 guided missiles developed by Germany during World War II.

According to ESA workers, to design the craft so it can re-enter the earth's atmosphere safely at this high speed should present no special problem, though expertise in Europe in dealing with this technology is thinly spread.



The winged version of the conventional Ariane will have an expensive cryogenic engine in its recoverable first stage

EDITED BY ALAN CANE

IMI
for building products,
heat exchange, drinks
dispense, fluid power,
special-purpose valves,
general engineering,
refined and wrought metals.
IMI plc,
Birmingham, England

Terminals

Networking system

DATAPORT MICROSYSTEMS

of Tring, Herts, mainly known for its hand-held data communications terminals, has launched a network/polling system that will allow almost any make of terminal, fixed or portable, to exchange information with the company computer (various makes) and a database created by the system.

Called Commstar Information Centre, the system will both take and deliver information from anywhere in the network, including the company computer, queue II if necessary on a twin Winchester disk system and deliver II to the right person at the earliest opportunity.

It is essentially an information exchange that enables the full potential of portable workstations to be realised.

Salesmen, for example, can leave their terminal plugged into a dial-up phone line having keyed into it the day's sales orders and any questions that need answering. The terminal will be polled at a specific time, its data extracted and the necessary information from the centre loaded into it, for transmission by the salesman when he returns to the terminal.

As well as being an exchange or message switch, Commstar contains database facilities able to furnish all the administration needs of a sales or stock audit department. More on 044282 6634.

Communications

Data switch

GANDALF TECHNOLOGIES has introduced the PACX 2000, a data switch based on 16 bit microprocessors and designed to handle the networking requirements of intelligent devices and systems dispersed throughout a company.

Portions of the PACX 2000 can be distributed to handle local information exchange on a departmental basis, reducing cabling requirements and saving money.

The system provides a means to link together individual personal computers, terminals, word processors, printers and other devices so that they can communicate with each other.

More on 0925 813484.

Robots

Industrial inspection

THE VIDISCAN robot vision inspection system, just launched by Eribach Engineering, is to be jointly marketed in the UK by Bruderer Precisions Presses of Dunstable (0582 576167).

Vidiscan takes images from inspecting television cameras and analyses a selected frame in about 20 milliseconds. It can then look for variables such as distance, angles, areas, tones of colours and compare with standards stored in its memory. In this way the system can count, sort and measure to pass or fail products, and can control the manufacturing process.

In measurement mode, the resolution is one in 512, signifying anything from a micron to a metre according to the choice of optical magnification.

The system has two screens, one for alphanumeric information and the other for the image.



Barclays keeps constant watch over world money markets... with help from the unique technologies of Control Data.

In today's fast-changing international banking climate, currency trades are only as good as the information they are based on. Fast access to statistical, limit and background data, and first-class communications that provide instant knowledge, are no longer a luxury — they are critical to success.

For Chris Pavlou, Senior Vice-President, and the other foreign exchange and money market traders of Barclays Bank International Ltd. in New York, price differentials of a fraction of a cent create profits or losses.

So, much of this critical information is provided with the aid of a Control Data Arbat Banking system. This advanced combination of hardware and software helps the Bank benefit from greater control of its international currency positions.

The Arbat system allows traders to have immediate real-time information at their fingertips — information which is used to build trading strategies.

The system gives instant mismatch information, continually updates limit utilisation and availability, and permits instant call-up of the vital statistical data needed to control a high-risk trading operation.

Banking installations across the World

Currently Control Data Arbat Banking systems are also installed in the Bank's major centres in Tokyo, Hong Kong and Singapore, and are being extended to 15 other locations.

Arbat systems are only one part of the facilities offered by Control Data, which also include specialised links to external and internal information services, and worldwide communication networks.

These are only some of the company's many remarkable achievements. Control Data is a world leader in supercomputers and there are smaller systems to bring unique benefits to industry and commerce. It is the world's largest independent supplier of computer peripherals. In the manufacture of magnetic disks and tapes in industrial skills training and computer-based education, in banking and financial services, and in assistance to small business, Control Data has used its technologies to establish a unique position in the world of high technology.

For further information on Control Data

in the U.K. write to Jill Gregory at Control Data Limited, 179-199 Shaftesbury Avenue, London WC2H 8AR or call her on 01-240 3400, extension 5169.

GD CONTROL DATA

THE ARTS

Television/Christopher Dunkley

Living history has few solutions

Just when you are beginning to agree with those who complain that television nowadays consists of little more than soap operas and game shows, the few odd box comes up with three documentaries which are so fascinating and so different from anything achieved in any other medium that all your faith is restored.

People To People: Somers-town made at Thames by Richard Broad and Sue Crockford for Channel 4; *Just Like Coronation Street*, also made for C4 by Diane Tamines and Steven Robertson; and ITV's *28 Up* made by Michael Apted for Granada all use the same idea: they took films about people's lives long ago, went back today to discover how their lives had changed, and in the intervening years had brought to the screen a type of living history which no history book or learned paper could ever hope to match.

Not only did their vividness and the immediacy of their personal witness produce a powerful impression of history being spoken aloud, there was a wealth of information too in the very accents and above all the tone of the voices, whether it was a precocious seven-year-old saying "Ay read the *Financial Times*" or one of the merry old souls from St Pancras recalling "Goin' and gettin' two pensorth of liver for the cat" and comin' back and cookin' it for the kids" or a contented black father complaining to the interviewer "You keep asking if things worry me." Mere print could never convey the information contained in those voices and faces.

28 Up which was shown in two parts lasting 2½ hours is the programme which has attracted all the attention, and there are two reasons for not begrudging that. First, the original *7 Up* programme, giving rise to the idea was made by Granada's pioneering and still brilliant *World In Action* series which is currently being justly feted for reaching its 21st birthday.

Now is that Granada's only cause for celebration? Lord Bernstein, president of the Granada Group who formed the television company in 1935 and worked as its chairman until 1971, received the Directorate Award from the U.S. National Academy of Television Arts and Sciences last week and *28 Up* exemplifies the originality and sheer excellence consistently achieved at Granada thanks to the character instilled into the company by Bernstein, more than anyone else. It was no surprise that his personal award was accompanied by an International Emmy for "Granada's *The Jewel In The Crown*, makin-



Londoners Jackie, Lynn and Susan at the ages of seven and 28 in Granada's documentary '28 Up'

ing this the third year running that the company have won such an award.

The second reason for allowing Granada the glory is that theirs was the only one of the three programmes which was deliberately planned from the start as a long-term project, a type of Granada's thoughtful approach. Working from the old Jesuit precept "Give me a child until he is seven and I will give you the man" the original idea was to film a group of seven-year-olds in 1963 and return in 2000 AD to discover what had become of them in middle age.

As it turned out the original *7 Up* was so successful that *28 Up* was born. Apted (who has himself moved on to become a big name in Hollywood) went back when the subjects were 14 and 21, but those programmes caused nothing like the interest of *28 Up*. The reason, I guess, is that while a seven-year-old is truly a child and a 28-year-old truly an adult there is less to be learned by way of contrast (or similarity) during the intermediate years.

Certainly one of the most striking conclusions after watching the repeat of *7 Up* and then *28 Up* with its clips from the intervening programmes was that while the child is indeed father to the man the adolescent often isn't we do kick over

the traces and depart from our true characters as teenagers but—mostly—we revert to type later.

The general message of the programme may not have been very heartening (though most of the subjects seemed content) but no doubt it bears out the assumption which prompted *7 Up* to attempt the scheme in the first place: that there is precious little movement between the social classes in British society.

On the other hand *Just Like Coronation Street* showed between them that we can be masters of our own destiny though that mastery can work for good or ill. The programmes were not connected, so far as I know, but they made a wonderful pair. *Just Like Coronation Street* took a 1964 programme (made, once again by Granada) showing a know-all town planner arranging to have the back-to-back houses of Oldham demolished and the residents stacked up in a brave new world of high-rise flats.

His intentions were admirable enough, but last week's new *Tammes/Robertson film* showed that the results, if not quite as disastrous as those in some high-rise developments recently chronicled by television, are still been pretty dire. For some

reason the council planners of the 1960s lacked all the sympathy, imagination and humanity of the voluntary do-gooders from the early 1930s whom we met in *People To People: Somers-town*.

The archive film here complete with close-ups on the bed bugs before the slum clearance and footage afterwards showing jolly girls playing leapfrog at the residents' summer camp, was the most fascinating of all simply because it was the oldest. Broad and Crockford's programme explained how Somers-town was demolished and redeveloped in the mid-30s a bit at a time so that the residents were never dispersed, how nurseries were incorporated on the roof, and how the leaders of the project insisted on rehousing everyone, "bad lots" included.

On the one hand, the attitude of the project leader, Father Jellicoe (Jelly Belly as Peter To People: Somers-town showed between them that we can be masters of our own destiny though that mastery can work for good or ill. The programmes were not connected, so far as I know, but they made a wonderful pair. *Just Like Coronation Street* took a 1964 programme (made, once again by Granada) showing a know-all town planner arranging to have the back-to-back houses of Oldham demolished and the residents stacked up in a brave new world of high-rise flats.

His intentions were admirable enough, but last week's new *Tammes/Robertson film* showed that the results, if not quite as disastrous as those in some high-rise developments recently chronicled by television, are still been pretty dire. For some

high-rise planning disasters have shown distressingly clearly how nothing whatsoever seems to have been learned from this recent example seen in St Pancras.

Having watched these programmes and several other social documentaries in the past week or so (Brian James's second telling account of the life of a miner's widow in the first of a new BBC2 Sunday series called *The Year Of* for instance and Mike Grigsby's slow and refreshingly unbalanced programme about the British presence in Northern Ireland) I was left with a nagging question about the differences between the world of the early sixties and today. They look much the same, though techniques may have moved on a little, yet something about *7 Up* raised my suspicions. They feel different.

The answer may be connected with the answer to the riddle about home taping and home viewing on VCRs which is believed to be in a ratio of 5:1 meaning that 80 per cent of what is taped is never watched.

As we are told how to assume sub-conscious guilt once we have taped a programme we have dealt with it so perhaps in the fifties and sixties our faith in the power of television was such that the mere transmission of a documentary about some particular problem—the dumping of toxic waste, the overcrowding of prisons—seemed to suggest that that problem had been dealt with.

Now in the mid eighties with a whole adult generation which has grown up from babyhood with television—the *28 Up* generation which did not have the box added to its experience half way through life as something new and wonderful—we realise that the faith of the fifties and sixties was sadly misplaced.

After 25 years of

over-crowding our prisons are more over-crowded than ever.

Eighteen years after *Corby Come Home* (presented as a drama but clearly a social documentary too) the number of Cathys is greater than ever.

I suspect that for a little while after its introduction with broadcasts of *7 Up* it tended to assume that television had an almost magical ability not merely to depict social problems but, in the process, to solve them. We don't believe it any longer, and that is the difference between 1964 and 1984. Now, however, thanks to the ageing of television itself to programmes such as *28 Up*, *People To People: Somers-town* and *Just Like Coronation Street* are proving that the medium does have an entirely different value: a splendidly vivid living history.

Robert Desrosiers and Claudia Moore appeared in a piece of academic kitsch by Mr Desrosiers (who has his own free dance troupe) but this seemed to me too determinedly local in appeal to make any sense to an outsider.

The National Ballet's contribution was a group of the younger students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The succeeding divertissements were novelties which reminded us that the school's graduates make fine careers abroad as well as at home. Rudolf Nureyev made a yearning duet to Barber's adagio for strings for Jane Lord and Barry Watt who work with him in the Dutch National Ballet. John Neumeier's *Rainsong* 2 used a movement from a Brahms violin

sonata as the inspiration for a solo of long lines and sudden questioning flexings of the body by Jeffrey Kurt, a member of his Hamburg Ballet.

Martine van Hamel, a principal of American Ballet Theatre, graduated from the school 20 years ago and was seen in a fusional *Odalisque* by Glen Tetley. John Alleyne gave an electric account of Stravinsky's piano rag and tango made for him by Uwe Scholz when they were both members of the Stuttgart Ballet. The Spanish dancer Susana, now teaching at the school, made a moody solo for David Nixon of the National Ballet, which he brought off with fine physical allure, and also provided a gay scene to allow her young students to stamp and clatter in approved Flamenco style.

Robert Desrosiers and Claudia Moore appeared in a piece of academic kitsch by Mr Desrosiers (who has his own free dance troupe) but this seemed to me too determinedly local in appeal to make any sense to an outsider.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson, Jeremy Ransom—were buoyantly good.

The National Ballet's contribution was a group of the younger

students of the company, who spoke admiringly well for the prowess of the troupe: Owen Monaghan, Martine Lamy, Lynn Robertson

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday November 23 1984

Detente on Gibraltar

THE AGREEMENT in Brussels between Britain and Spain on Gibraltar is a most welcome development on several counts. Though it does not provide a final solution to the future status of the Rock, it has brought a long-awaited detente to Anglo-Spanish relations, which have remained exceptionally cool in spite of Spain's impressive transition from a right-wing dictatorship to a fully-fledged democracy.

As far as Britain and Spain are concerned, the agreement lifts one of the main political obstacles to Spain's membership of the European Community, though several other important economic problems have yet to be solved before Madrid's entry becomes a reality.

It was one of the great ironies of the Anglo-Spanish relationship that the British Government, though one of the strongest advocates of Spanish membership of the Community, was prepared to exercise its veto against Spain, failing a satisfactory arrangement in Gibraltar.

No doubt the link that had been established between the two problems spurred both sides on to an agreement. But quite apart from the tactical pressure to which Spain was being subjected, both the British and Spanish governments clearly realised they could not allow their future partnership within the European Community to be undermined from the start by the problem of Gibraltar.

To achieve the agreement in Brussels which, in essence, does no more than ensure the application of an earlier understanding known as the Lisbon Declaration of April 1980, both sides have made concessions. On paper, at least, the concession made by Britain is substantial, though it is hedged about with cast iron safeguards.

Sovereignty

For the first time, the British government has accepted that the question of sovereignty over Gibraltar will be discussed in the negotiations on all outstanding differences over the Rock, which will begin not later than February 15.

This explicit mention of sovereignty in the communiqué issued after the talks between Sir Geoffrey Howe, the Foreign Secretary, and Sr Fernando Moran, his Spanish opposite number, has been hailed as a

breakthrough in Madrid.

In fact, it is of more cosmetic and psychological value than of practical significance. The Lisbon Declaration, which Madrid failed to implement because it was not specific enough, already provides for negotiations aimed at overcoming all the differences between the two countries over Gibraltar. That phrase could always have been interpreted by Spain as covering the issue of sovereignty.

Of much greater importance is the preamble to the 1980 Gibraltar constitution in which the British government has stated that it "will never enter into arrangements under which the people of Gibraltar would pass under the sovereignty of another State against their freely and democratically expressed wishes."

The British government's full commitment "to honour the wishes of the people of Gibraltar," as set out in this preamble, is specifically repeated in the Brussels communiqué.

In practice, therefore, any discussions on sovereignty between Britain and Spain will always be subject to this final test.

Credibility

Nor should it be forgotten that Spain is on particularly thin ice when demanding that sovereignty over Gibraltar, ceded to Britain under the Treaty of Utrecht in 1713, should be transferred to her.

If that should ever come to pass, Morocco's claim to the Spanish North African enclaves of Ceuta and Melilla could hardly continue to be rejected by Madrid if it wanted to retain any degree of credibility or international support for its foreign policy.

What is important for the moment, however, is that the Brussels agreement promises to restore a degree of normality to a very abnormal situation.

The sorely tried Gibraltarans will be allowed to breathe as the result of the lifting of the restrictions on the movement of people and goods in and out of Gibraltar, which is expected to give a much-needed boost to trade and tourism.

On a broader level, the agreement should restore a genuine dialogue between two important European nations who, for too long, have turned their backs on each other.

Road blocks in the Community

HOW BIG may a lorry be if it is to cross borders within the supposedly common market of the European Community? After more than 20 years of argument the governments concerned have still not quite agreed on the answer. Does it matter? If so, may we at last see some movement?

It does matter, because the argument has proved one of the main obstacles towards realising the common transport policy envisaged by the Treaty of Rome. The lack of such a policy constitutes a restraint on the efficiency of transport in the Community. The Commission has worked out that lorries engaged in cross-border haulage on average travel fewer miles annually than those on the generally shorter routes within one country. That does not make sense.

In May the council of transport ministers came to within an act of removing the disagreement about lorry weights and some others as well. Last December decisions on the part of one government threatened to destroy the deal. But chances now do look good that it will go through in slightly amended form at the next meeting on December 11 and 12.

That would be good news because the package envisaged will not only largely settle the argument about lorry weights. It also includes a doubling during the next five years of the number of licences granted under the community quota system for lorries to carry goods across community borders independently of purely bilateral agreements between member states. The deal also would allocate Ecu 95m (about £57m) towards road and rail improvements, of which Britain would receive about Ecu 21m.

Liberalisation

But only a constitutional optimist would look upon an agreement next month as more than a small step in the road to the common transport policy envisaged in the treaty. A full liberalisation of road haulage across borders within the Community will still be a long way off. Community quotas permitting a lorry to carry goods between two countries in neither of which it registered,

covering, say, a British lorry travelling between points in Belgium and Germany, will still be scarce.

There are several reasons why achieving a common transport policy has proved so elusive a matter. There are the usual narrow national interests. The French and Italians believed the proposed weight restrictions would hurt their lorry hauliers; the Germans and others wished to protect their railways. In the case of road hauliers, the Dutch and British felt their hauliers would get the better of the argument under full liberalisation.

More fundamental considerations also apply. Britain, with relatively short hauls to the sea, is a major centre of population, is more lorry-conscious than, say, France, where distances are much greater. One may dislike the determination of some Community governments, such as those in Paris and Bonn, to manipulate the freight carrying market in favour of their railways. One cannot ignore it.

Efficiency

The EEC Commission, which originally pleaded for a full measure of competition between the various modes of transport, in a submission to the Council of Ministers said last year: "It is obvious that . . . a balance between railways . . . and road and inland waterways . . . is not easy to strike. But it is also clear that, unless such an equilibrium is found, this policy cannot be unblocked."

Such is the political reality. But the Commission went on to express an economic home truth: "The railways are likely to be helped more by improving the efficiency and attractiveness of the railway services . . . than by tightening or even maintaining the present restrictions on other forms of transport."

The Community should screw up its courage and set a deadline by which it must liberalise cross-border internal road transport. It need not be early; after rather than before 1990 looks realistic. But it must be firm enough to condemn the Community to succeed with a vital element in creating a genuine common market.

THE GREAT expansion in electronic screen-delivered financial services continues to gather pace. Month by month there are more screens showing more data on more markets, and new ways of bringing together more information, both real time and historical, raw or processed, at the touch of a button on a dealer's or an analyst's desk.

Only last week, Reuters announced several improvements to its Monitor service. One is a news-search facility enabling subscribers to hunt through its new files electronically. Another is a new screen display for foreign exchange dealers allowing them to access five pages of information about deals by pressing a single square on an electronic tablet.

These innovations are clearly designed to strengthen Reuters in competition with AP/Dow Jones, which offers a similar news retrieval facility, and with Telerate and Quotron, both of which are thought to have had superior screen displays to monitor up to now.

Otherwise, according to a recent market research report, there are 33 on-line financial information systems available in the London market.

The systems fall into three broad categories: data bases into which the user can access for "historical" information; relatively slow and limited text systems such as Cofax, Oracle and Prestel; and sophisticated real time services. These are correspondingly more expensive: the provider typically leases specialised screen and keyboard for about £1,000 a month.

Altogether a round dozen of real time services are available in London, including the London Stock Exchange's Topic and stockbrokers' Sringeur, Kemp-Geer's London system for clients, called Dogfox.

Members of the London Commodity Exchange can use the Manifest service, which gives them prices for rubber, sugar, cocoa, gold, pork, platinum and petroleum from New York, Chicago, Paris and Amsterdam.

Or they can subscribe to Unicom, which offers commodities and foreign exchange information, and is a subsidiary of the U.S. Knight-Ridder newspaper chain.

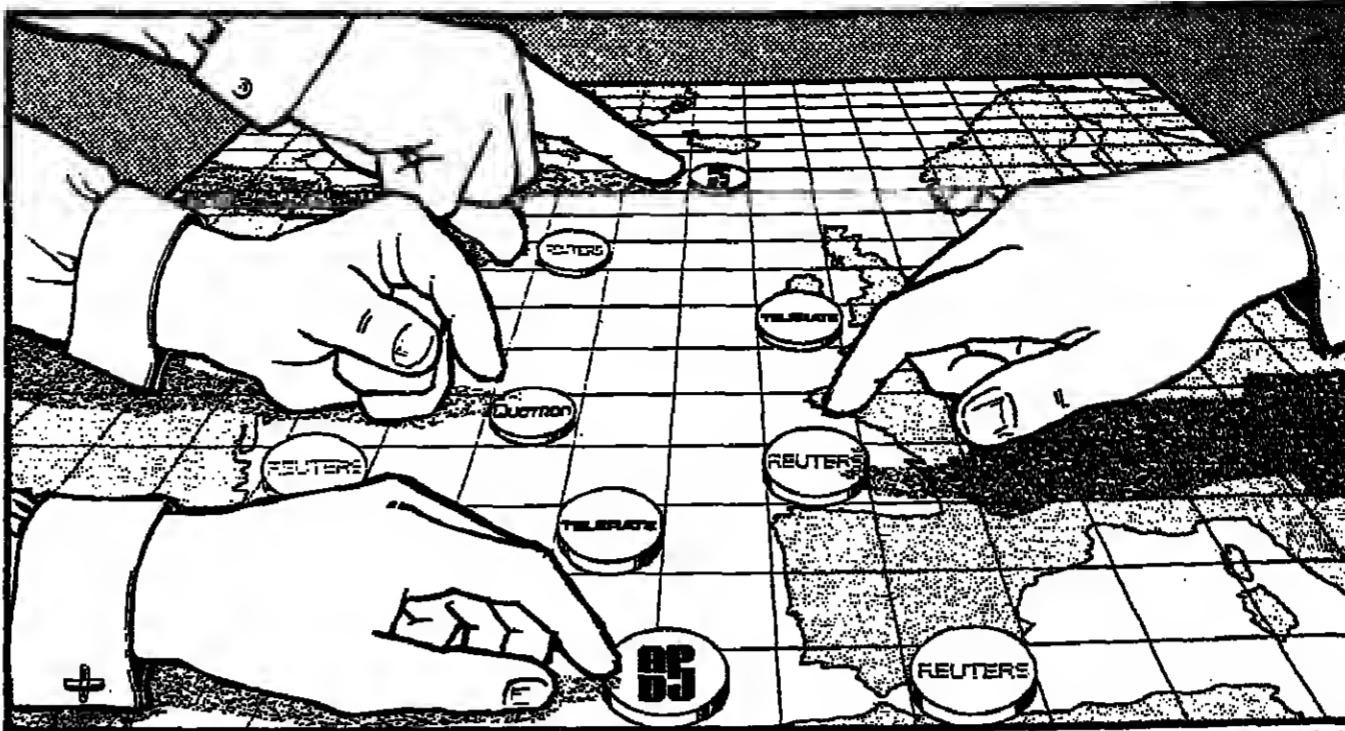
But the high rollers' table at this game is the provision of a broad spectrum of on-line information for a number of markets, together with general news. And that market now looks to be settling down to a classic duopoly.

In one corner, the veteran 100 years champion of Britain, Europe and the Commonwealth: Reuters. In the other, a cluster of Golden Gloves fighters whose basic businesses in the U.S. are not really in competition with each other, and who can therefore club together to challenge Reuters outside North America.

The chief members of this unofficial U.S. team are: Dow Jones, joining forces outside the U.S. to market the AP/Dow Jones news service; Quotron, specialising in New York equity market prices, but also now offering integrated on-line financial services; and Telerate Inc, also developing out of its original speciality in U.S. bonds and money market instruments. All three are quite clear that their chief "competitor" is Reuters.

The war is being fought in two theatres. Reuters, whose Monitor system is dominant out-

FINANCIAL INFORMATION SYSTEMS



The race is on for the universal terminal

By Godfrey Hodgson

side the U.S., is battling to penetrate the American market. AP/Dow Jones, Quotron and Telerate, which share London offices in the Associated Press building near Fleet Street, are striving to cut into what used to be Reuters' market in the rest of the financial world.

It would be wrong, though, to portray the conflict in terms of Brits versus Yanks—it only because one of the key players in the "American" team, Telerate, is ultimately more than 70 per cent British-owned.

When Telerate went international in 1978, it made an arrangement with AP/Dow Jones to deliver its services outside North America on the basis of what one Telerate director called "synergy" between the two businesses.

AP/Dow Jones has 51 per cent of the resulting joint venture, and the same share in a similar arrangement with Quotron outside North America.

The background to this contest lies in three apparently unrelated developments, one technological, one and one political.

The technological advance in the late 1950s was that electronic systems could help market traders, both in data retrieval and by giving them up-to-the-minute market quotations.

The commercial event was the

break-up, in the late 1960s, of Reuters' comfortable news service, swapped arrangements with both Dow Jones and AP, which led to AP/Dow Jones invading Reuters' traditional markets outside the U.S. and to Reuters' decision to counter-attack and invade North America.

The political event was the

ending in 1971 of the system

of fixed parities set up at Bretton Woods in 1944. After 1971 all major currencies began to float. Financial markets became more internationalised.

Even before Reuters went into the American market, it made the first step towards the silent screen, signing a contract for the non-American rights to Stockmaster, a somewhat primitive system for reporting prices. In 1967 this was replaced by the first modern screen system, Videomaster.

At the same time the money

race for the universal terminal.

Dealers and customers generally worry about what is called in New York "the desktop real-estate problem." They want a single terminal on which they can log on to many services, access in-house information and perform computations such as arbitrage, as well.

Quotron's entrant for this race, called Financial Office Services, offers word-processing and text editing, electronic mail and personal computing in addition to the Quotron quotes and data base.

Quotron's entry into the market in New York in U.S. government securities. Cantor Fitzgerald eventually bought 68 per cent. Hirsch, 37, is president and chief executive today.

The Cantor connection proved crucial for the growth of the Reuters system. Although Reuters does

provide quotations from a smaller broker, Newcombe, it

has not yet succeeded in getting into the inner circle of big brokers to contribute prices.

Reuters has developed strength in foreign exchange, commodities and other markets; it

remains handicapped by Telerate's advantage in bonds.

British and Commonwealth and its associate Euro, the London-based money brokers, bought their holding in Telerate in 1981. Two years later Telerate went public, valued at \$880m at the offer price of \$20 a share. Reuters followed in May this year, selling 27 per cent that valued the whole company at \$760m, then drifted up to well over £1,000m.

The shape of the competitive

battle between Reuters and Telerate is hard to map precisely. Reuters is much bigger

than Telerate, though Telerate's

Reuter's has 35,500 screens.

Telerate about 13,000. But that

is no longer quite the point.

Increasingly, the trend is to deliver to a customer a complex interface package that he can get the information he needs from his particular business from many sources on one screen.

In that context, as they say in Silicon Valley, "money is the way we keep the score." And at that game both Reuters and Telerate have shown themselves to be profit leaders, especially on their home grounds.

"The Financial On-Line Information Service, First Market Intelligence, 10

Denbigh Street London SW1.

The trend is to deliver to each customer all the information he needs for his business on one screen

markets were expanding rapidly, but dealers still had to be content with a few prices established by Reuters' reporters and distributed by telephone. So in 1973 Reuters introduced the innovative Monitor system with data contributed by subscribers, not by reporters.

This was extended to foreign exchange and to other markets, such as bonds and commodities.

In the meantime, in the early 1970s, Quotron signed a contract with Merrill Lynch, the world's biggest stockbrokers. That started their growth from about 5 per cent of the market for equity stock quotations to its present level of about 70 per cent.

Now Quotron is involved in

what a competitor called "the

break-up of equities into

fixed interest stocks. Hirsch dis-

covered that there was no central market place for commercial paper, and began to circulate prices for a limited number of issues. The need was there, and Hirsch's Telerate was fill-

ing it.

But in 1972 he ran out of money. He was planning to go public when he was approached by Bernie Cantor, of Cantor

Fitzgerald, one of the half dozen major brokers who make

their living from

equity quotations.

At the same time, he was

looking for a name to launch a

new range of boys' clothes.

He wanted something with

an upmarket ring that would

sound right in Harrods—and

with the royal toddler in mind, he plumped for Jules William.

He was asked all sorts of

difficulties in using the title of

Richmal Crompton's book.

But the company discovered

that the copyright had expired

and nobody else had claimed

the famous name. "I can still

hardly believe my luck," he says.

own ideas. At yesterday's price of 125p, Channel Tunnel is valued at £1.8m, or 1,802 times the earnings it got from its investments in 1983.

"We have several thousand investors, many of whom seem to believe that the channel tunnel will be built entirely by Channel Tunnel Investments," says Pearson. "I only wish I could disillusion them."

Fits the bill

Pat Perkins, director of Helene of London fashion group, was looking for a name to launch a

new range of boys' clothes.

She wanted something with

an



FINANCIAL TIMES

Wednesday November 28 1984

BELL'S
SCOTCH WHISKY
BELL'S

IMPACT OF COAL STRIKE LESSENED BY HIGHER USE OF OIL

Power cuts 'unlikely' during 1985

BY MAURICE SAMUELSON AND JOHN LLOYD

Oil being burned in power stations in England and Wales is now equal to 1m tonnes of coal a year. Independent analysts now believe that that rate of burn, taken together with substantial deliveries of coal, will ensure electricity supplies throughout most of next year, despite the miners' strike.

In other developments yesterday: The Prime Minister told the House of Commons that the intimidation and violence of the miners' strike is a 'blot on the face of Britain' which had 'done our reputation abroad and has done our trade untold damage'.

The rate of the 'drift back' to work slowed considerably, with 350 new faces returning to collieries yesterday - of which nearly two

thirds reported for work in Scotland and the North-east.

Talks were continuing late last night between leaders of the TUC and the National Union of Miners - in the absence of Mr Arthur Scargill, the NUM president. The union was represented at the talks by Mr Peter Heathfield, the general secretary, and Mr Mick McGahey, the vice-president.

The British Association of Colliery Management accepted a wage increase for its 14,000 members of 5.2 per cent on basic salaries, ranging from £7,000 to £40,000.

The National Union of Seamen reported a second breach of its embargo on coal and oil movements. It said that officers of the Sten, owned by the Hull-based North British

Shipping group, had begun to unload coal at West Thurrock power station in Essex, while the crew, members of the NUS, obeyed the embargo on handling coal. In the first dispute, over Crescent Shipping's use of non-union labour to crew the Kindred, a critical point is expected today when the ship attempts to unload coal at Shoreham power station in Kent.

The oil consumption rate disclosed by two authoritative sources yesterday explains why the Government is so confident in its prediction that there will be no power cuts this winter.

Those predictions, however, depend on assumptions that power workers will not embargo coal and oil deliveries to leading power sta-

tions. At present, there are only scattered signs of power workers doing so - although they are being urged to take action by the NUM and their own union leaders.

Together with the high level of coal movements to power stations in the Midlands, the oil consumption data caused London analysts to reassess the security of electricity supplies this winter.

Mr Gavyn Davies, chief economist at Simon and Coates, who on September 24 gave a warning of 'real problems' maintaining full power supplies this winter, commented last night that with present fuel movements electricity supplies would be safe 'right through next summer and a large chunk of next winter as well.'

Ascometal plans to reduce workforce by 4,000

By David Houseago in Paris

ASCOMETAL, France's state-owned engineering steels group, plans to cut its workforce by over 4,000 or more than a third in an effort to stem losses.

The company, newly formed by merging the engineering steels activities of the large state-owned steel groups Scolac and Usinor, also announced yesterday that it plans to make investments of FF 3.7bn (\$304.8m) by 1986.

The moves come at a time when France has to turn to fire from some of its European partners for seeking a postponement of the 1985 deadline for phasing out subsidies in the European steel industry. The engineering steel subsidiaries of Scolac and Usinor contributed over FF 1bn to the combined losses of the group of FF 7.8bn.

About half of 4,000 job losses will come from Lorraine, France's eastern steel producing region which suffers from the disadvantage of high cost mineral ore. The engineering steels sector currently employs 11,500 people.

Because of the substantial losses of the engineering subsidiaries of the two groups, the Government earlier this year forced a merger.

In the newly formed company, Scolac holds 51 per cent of the shares and Usinor 49 per cent. It has a turnover of about FF 5bn.

The two groups have also similarly merged their long products divisions (bars, piling) by setting up another jointly-owned company, Unimetal. Long products accounted for the bulk of the French steel industry's losses last year.

W. Germany set for record trade year

Continued from Page 1

Federal Statistics Office in Wiesbaden, however, was a fillip for the Government as it responded to bitter criticism of its economic strategy in the parliamentary debate on next year's budget.

The Finance Ministry expects to keep the federal deficit down to DM 25bn in 1985, compared with DM 29.5bn this year, despite a DM 2bn shortfall in tax revenues. This should be made good by a further leap in profits reported to Bonn by the Bundesbank, to DM 12.5bn, compared with an earlier estimate of DM 10.5bn.

The florid state of public finances has not prevented a dispute between the Liberal Free Democrats (FDP) and its larger partners in the coalition. This is over how to recover revenue lost when the constitutional court earlier this month nullified the so-called 'forced loan' or tax surcharge on upper incomes.

Spain agrees to open border with Gibraltar

BY QUENTIN PEEL IN BRUSSELS

THE SPANISH Government yesterday agreed to lift all remaining border restrictions affecting Gibraltar in exchange for British willingness to discuss the question of sovereignty of the disputed colony.

The deal will restore free movement of people, goods and vehicles across Gibraltar's frontier with Spain by February 15 at the latest, and set in train long-term negotiations to resolve 'all the differences' between the two governments.

At the same time, the British Government insists that it will 'honour the wishes of the people of Gibraltar' in any future talks.

The agreement was finalised in Brussels over the past two days by Sir Geoffrey Howe, the British Foreign Secretary, and Sr Fernando Moran, his Spanish counterpart, in the wings of the wider European Community negotiations on the future membership of Spain.

It provides for both Spaniards and Gibraltarians to live on either side of the border, to set up in business, and to buy property. Goods purchased in Gibraltar were not allowed into Spain.

Yesterday's breakthrough centred on the form of words required to reassure Spain that the question of sovereignty can be raised in future talks, while allowing Britain to insist that it will not make any changes against the will of the people of Gibraltar.

The agreement goes further than the Lisbon Declaration of 1980 which simply committed the two sides to 'consider any proposals which the other may wish to make.'

Four previous efforts to put the Lisbon agreement into effect have been aborted largely over that question.

The deal was regarded by the British Government as a necessary precondition for Spanish entry into

the EEC. It was welcomed by Sir Geoffrey as 'opening the way for trade co-operation over a wide range of issues, as befits relations between Nato allies and prospective Community partners.'

The forthcoming negotiations will cover issues including economic, cultural, touristic, aviation, military and environmental matters.

Sr Moran said the agreement 'really opens the door for fuller and closer co-operation.'

While stressing the British concession on the discussion on sovereignty, he said: 'We have the greatest respect for the feelings of the Gibraltarians themselves. It would be a mistaken policy of the Spanish Government not to take them into account.'

Sir Geoffrey said the agreement would be good for Gibraltar in allowing its economy to develop, for joint co-operation between Gibraltar and Spain and between Spain and Britain. He said it was 'very satisfactory that we have been able to reach agreement well before the date on which Spain is due to join the EEC.'

Details, Page 3; Editorial comment, Page 14

Intasun takeover bid for UK hotel chain

BY RAY MAUGHAN IN LONDON

INTASUN LEISURE, Britain's second largest tour operator, launched a £44m (\$52.8m) bid for Comfort Hotels yesterday, only to discover within the hour that Comfort had launched its own agreed £15m takeover of Prince of Wales Hotels.

Mr Harry Goodman, founder and chairman of Intasun, said that the group's policy was to diversify in the leisure industry and, as a major customer of hotel rooms, the tour operator possessed 'significant expertise in a business dependent upon high occupancy levels.'

But the approach, first discussed with Comfort at the end of last month when Intasun revealed a 14.97 per cent stake in the chain of 14 British and two-star hotels, was quickly rejected. Instead, Comfort was able to disclose the agreement with Tadpole, an industrial holding company, to buy Tadpole's 51 per cent holding in Prince of Wales Hotels.

Intasun is offering two of its own shares and 130p in cash for every five Comfort shares. Taking Intasun at 125p, up 4p yesterday, the terms value each Comfort share at just less than 71p against a closing price of 74p after a 1p rise.

Comfort, for its part, is offering 98 shares for every 54 shares of Prince of Wales shares which are currently valued at 134.3p each against a market price of 115p. Tadpole, which acquired its holding on

ly last February for the equivalent of 70p, is accepting Comfort's 98p per share cash alternative.

Intasun acquired a 14.97 per cent in Comfort from Imperial Life and Gomba, the holding company controlled by Mr Abdul Shatmi, at the beginning of last month. Talks between Mr Goodzaan and Mr Harry Edwards, chairman of Comfort, started shortly afterwards and a joint management venture was briefly discussed.

At that point, Comfort was some way down the track with a bid for Prince of Wales which Mr Edwards had hoped to disclose last week. POW is linked with Quality Inns of the U.S., one of the leading hotel chains in the world, and Comfort hopes shortly to finalise an agreement with Quality on a joint company in Europe. The U.S. chain has an option to buy 9 per cent of POW from Tadpole.

Intasun is selling five aircraft from its Air Europe fleet of Boeing 737-200 which will raise some £28m. The cash element of the Comfort offer would absorb about £21m as Intasun attempts to inject what it called 'style and branding' into the hotel chain.

Intasun expects to provide more than 1m holidays, primarily in the Mediterranean, this year and plans to spend more than £100m with over 400 overseas hoteliers.

See Lex; Background, Page 24

THE LONG lunchtime snooze - one of the most prized perks of the Chinese worker - is being brought to an end. The State Council, China's cabinet, has ordered that from January 1 state employees must cut their lunch break in half - from two hours to one.

While the Council's message might be completed more quickly than Latin American deals is that a large part of the country's foreign debt is concentrated among relatively few banks, bankers say.

Speculation about the apparently declining health of President Ferdinand Marcos was fuelled in London yesterday when Mr Virata said he could not be sure that the President was not suffering from any serious disease of the vital organs.

Mr Virata told a press conference that President Marcos had been ill over the past two weeks but his appearance in public on Monday showed he was now getting better.

He became evasive, however, when asked what had been wrong with the President.

Answering questions, Mr Virata said the President had told him on Friday that he had been suffering from influenza with bronchial complications that had necessitated a period of isolation.

After eating lunch at the staff canteen, hundreds of thousands of city workers return to their offices to sleep. Many offices have beds especially for lunch-time slumbering, but chairs, desks-top and carpets make handy substitutes.

A foreigner who returned to the vast dining room at the Peking Hotel one day to retrieve a forgotten bag - only minutes after closing time - discovered the entire staff prostrate on rows of dining chairs.

Trade relations with Indonesia thaw, Page 6

ties in each country, and if necessary, to a particular government to account for its actions in the monetary committee.

At the same time, France and Italy appear to have given assurances that they intend to take some admittedly modest steps towards relaxing exchange controls to boost the use of the Ecu.

A number of measures which were initially proposed by the Commission, however, have now been dropped from the package.

The plan was also said to include an option for reducing the growth rate of defence spending, projected at about 7 per cent in real terms in 1985 and 1987, although both Mr Reagan and the Pentagon have strongly opposed any slowdown.

The spending cuts to be proposed by Mr Stockman today will be 'illustrative' of ways to reduce the deficit rather than firm recommendations, officials said yesterday. They said that the cuts were con-

Manila sets early deadline for new syndication

By Peter Montagnon in London

THE PHILIPPINES is to launch a whirlwind syndication of a new money loan totalling \$925m from commercial bank creditors at the end of this week, with banks asked to provide their commitments within 10 days.

This will allow the board of the International Monetary Fund (IMF) to approve the country's request for a \$815m standby credit on December 14, which in turn will open the way to negotiations on the rescheduling of \$1.1bn in official debt with the so-called Paris Club of industrial country creditors. These negotiations are now scheduled to start in the week of December 17. Mr Cesar Virata, the Philippines Prime Minister, said in London.

Creditors are thus being given much less time to subscribe to the Philippines loan than in the case of other countries that have rescheduled their debts, but banks closer to the country's rescheduling negotiations believe that the timetable can be met.

The loan is part of a package that also includes a rescheduling of some \$5.8bn in commercial bank loans due up till the end of 1986 and a \$3m short-term trade facility.

The Philippines has a total debt of some \$25bn, of which \$15bn is owed to commercial banks.

Mr Virata said the bank loan would provide only part of the country's new money needs until the end of next year. The rest will come in the form of some \$2.1 to \$2.2bn in credits from official sources such as the World Bank, Asian Development Bank and other governments.

Governments which are committed to providing fresh loans include the U.S., Australia, West Germany and Japan, he said. Additionally, the governments of the U.S., Japan and South Korea have provided a \$30m bridging loan to be repaid by the end of the year.

Mr Virata, in London to meet commercial bankers, said that the Philippines was currently about 75 days late with interest on its commercial bank debt but had been careful not to let the arrears run longer than 90 days which is critical for U.S. banks.

The country's reserves now stand at about \$600m, he added.

Bankers have been worried that a lingering dispute over deposits frozen at the Manila branch of Citibank might hold up syndication of the country's new loan, but this problem has been sidestepped in the rescheduling proposals.

One reason why the package might be completed more quickly than Latin American deals is that a large part of the country's foreign debt is concentrated among relatively few banks, bankers say.

Speculation about the apparently declining health of President Ferdinand Marcos was fuelled in London yesterday when Mr Virata said he could not be sure that the President was not suffering from any serious disease of the vital organs.

Mr Virata told a press conference that President Marcos had been ill over the past two weeks but his appearance in public on Monday showed he was now getting better.

He became evasive, however, when asked what had been wrong with the President.

Answering questions, Mr Virata said the President had told him on Friday that he had been suffering from influenza with bronchial complications that had necessitated a period of isolation.

At the same time, France and Italy appear to have given assurances that they intend to take some admittedly modest steps towards relaxing exchange controls to boost the use of the Ecu.

A number of measures which were initially proposed by the Commission, however, have now been dropped from the package.

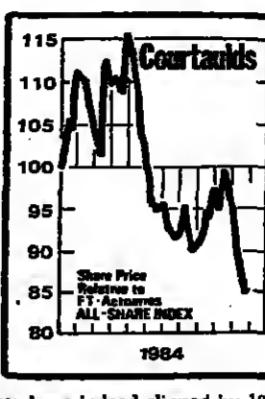
The plan was also said to include an option for reducing the growth rate of defence spending, projected at about 7 per cent in real terms in 1985 and 1987, although both Mr Reagan and the Pentagon have strongly opposed any slowdown.

Medicare, the health care programme for the elderly, would be subject to some cuts, though not major ones, the officials said, while most benefit programmes for the poor would not be seriously affected.

They said that the cuts were con-

THE LEX COLUMN

Mild stimulant from Beecham



same period has grown by more than a quarter.

Not all the blame for a declining return on capital can fairly be laid at Allied's door. The UK miners' strike has added further to the difficulties in the beer market, and Allied did well enough to inch out its margins on relatively maintained volume. Meanwhile, rising tea and coffee prices added between £30m and £40m to working capital, besides squeezing the return on sales. The bottom line is Allied's eyes.

So Allied has nothing to apologise for in yesterday's results, even if the 5p fall in the share price to 164p reflected a degree of disenchantment in the market-place. The company can happily reel off a string of new products - alcohol-free gin and tonic is a recent favourite - and hopes for the new Australian Castlemaine lager are running high.

Allied still leaves the impression, however, of a group which is better at responding to other people's ideas than at dreaming up its own. Castlemaine, for example, is clearly a rather belated response to the tremendous success of Foster's. A prospective yield of over 7 per cent currently looks as good a prop for the shares as any.

Hotel bids

The motives of Intasun for trying to buy the Comfort chain of hotels were not apparent to everyone on the market yesterday. The commercial experience of a successful tour operator - whose established skill is delivering holidaymakers to resort hotels run by other people overseas - does not obviously transfer to managing the sort of UK business at which Comfort is adept. And since the bid is unwelcome, at the starting price anyway, Intasun's managerial resources might be stretched rather thin if it got behind the reception desk. And the prospect of earnings dilution is hard to discount.

As for the offer Comfort

Fine British Clothes
for men...
centaur
...ELEGANTLY STYLED.
© 1984 BELL & HOWELL

SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday November 28 1984

IDC
Design, Construct & Engineer
BUILDING SUCCESS
Stratford-upon-Avon 0792 204288

State cash injection for Van Doorne

By Laura Rau in Amsterdam

VAN DOORNE Transmissie, the automatic transmission maker which has been on the brink of bankruptcy, will be bailed out by the Dutch Government, which will provide a cash infusion and chase Borg Warner's unwanted share.

The Dutch Economics Minister, Mr G.J. van Aardenne, refused to disclose the amount of the short-term bridging aid or the price paid for Borg Warner's 24 per cent share in Van Doorne. Van Doorne has said it needed Fl 40m (\$11.7m) to move into mass scale production by next June. The Tilburg-based company said it had not been notified of the amount of the Government's assistance but was satisfied with the solution.

Borg Warner, which initially put up Fl 15m when Van Doorne was established in 1979, had asked for Fl 30m for its stake but had hinted that it would settle for Fl 15m or possibly less. The Chicago-based car component maker declined to say how much it received.

The Dutch Government already owns 40.15 per cent of Van Doorne as a result of its 12.5 per cent participation and 27.85 per cent through Volvo Car, an affiliate of Volvo of Sweden in which the Dutch Government owns 70 per cent. Fiat of Italy and Borg Warner each hold 24 per cent, while the remaining 11.85 per cent is held by Volvo through Volvo Car.

The Economics Ministry plans to sell the Borg Warner 24 per cent stake to a third party. The semi-governmental Corporation for Industrial Projects has said it would be interested in purchasing the stake if financing were guaranteed, mass production capability were assured, proper management were installed and shareholders' rights were clearly delineated.

Terry Dodsworth in New York and Ian Rodger in London look at Tenneco's \$430m bid

Harvester deal that could end the lean years

THE TAKEOVER of International Harvester's (IH) farm equipment business by Tenneco should lead to an early improvement in market conditions in North America. The restructuring of the European assets of IH and Tenneco's J. I. Case subsidiary, however, could take many forms and considerable time.

Mr James Ketelsen, chairman of Tenneco, said yesterday that the company's \$430m bid could go ahead without the IH plants in France and West Germany.

"We are interested in Western Europe, but we don't have to have it," Mr Ketelsen said in New York.

He explained that following the takeover, Case and IH dealers in the U.S. would all carry both lines of equipment. Tractors of over 100 horsepower would be made at Case's plant at Racine, Wisconsin, and carry the Case name, but there would continue to be both Case and IH lines of tractors under 100 horsepower. Both lines would continue as at present, to be made in England, the IH line at Doncaster, the Case line at Huddersfield.

Engines for both lines would be supplied initially by Case, and subsequently by Cummins Engine, which is in a joint venture with Case that is beginning to produce a

new series of power units. This means that the IH plant at Neuss in West Germany would stop supplying engines to Doncaster.

These arrangements leave unsettled the future of the Case (and IH) presence in the over-100 horsepower tractor market in Europe. Case has no significant share in this market, but it is a very important part of the IH business in Europe. Presently, the company makes large tractors at Neuss and at St-Dizier in France.

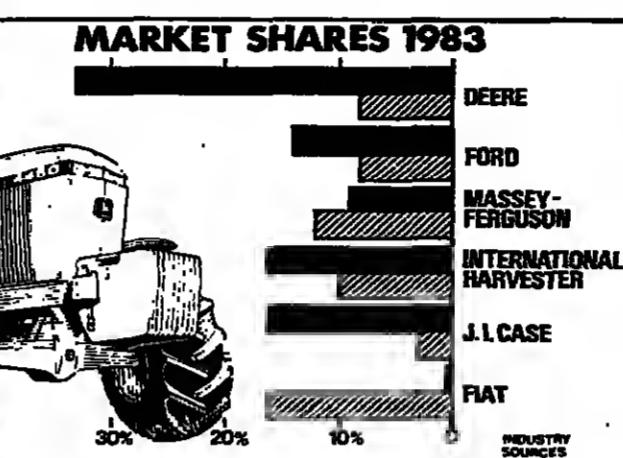
Mr Ketelsen said Tenneco had an option to buy the French and German plants of IH at no additional cost, but whether or not it exercised that option depended on negotiations in those countries. He pointed out that a recent refinancing of IH France, in which the French Government was to participate, was called off when the Tenneco deal took place. He did not know whether that deal would be offered to Tenneco.

As for the British operations of Case and IH, which include two large dealer networks as well as the plants, he said that "there may be some scope for making better use of the combined resources." Some observers fear that one result of the merger may be that some dealers

will decide to switch to importers.

In the U.S., Case emerges with its product line very much reinforced and broadened. It adds a range of combines made at the IH plant in East Moline, Illinois, along with a range of other IH implements made at Hamilton, Ontario. It will also get the machinery to make cotton pickers from IH's Memphis plant, which was in the process of being closed.

In addition, it has acquired the tooling and production lines from



IH's large tractor plant at Rock Island, Illinois, which is to be closed. Case said this equipment would be transferred to its own tractor plant at Racine, Wisconsin, which is operating at only around half its capacity. Case sold 7,700 large tractors in North America last year, IH 7,600.

Tenneco is also buying IH's network of 1,700 dealers in the U.S. and back-up services. This triples the number of dealers available to

takeover, together with a planned two month shutdown at Racine in February and March, would be enough to restore balance to the U.S. tractor market. If so, Case could be back in profit by the fourth quarter.

Mr Ketelsen said he hoped the Case/Harvester combination would have a U.S. market share of around 35 per cent, against Deere's 40 to 42 per cent. The U.S. market, which will take about 85,000 units this year, would never again approach the 170,000 units of 1979, but he expected it to recover to perhaps 120,000 in a good year.

Other major tractor makers were surprised and delighted by the announcement. Most had long since given up hope that any major producer would abandon the overcrowded farm equipment industry.

Massey-Ferguson, which, like IH, has been in severe financial difficulty in recent years, said it welcomed moves to achieve further rationalisation in the industry.

Deere said it was too early to predict the outcome of the merger.

"The farm end industrial equipment markets have always been very competitive and our planning is based on the assumption that this will continue," a spokesman said.

Canadian utility hit by jump in charges

By Bernard Simon in Toronto and Robert Gibbons in Montreal

HYDRO-QUEBEC, Canada's largest power utility and a major borrower in international capital markets, suffered a C\$123m (US\$86.1m) loss in the three months to September 30 due to a sharp increase in interest and depreciation charges.

The utility, which is owned by the province of Quebec, posted a net profit of C\$61m in the third quarter of 1983. Revenues rose from C\$778m to C\$868m.

A Hydro-Quebec official said yesterday that the group had warned lenders last year that its 1984 earnings would be substantially lower than the 1983 profit of C\$767m. It forecast earnings this year of C\$238m, a figure exceeded by C\$30m in the first nine months of 1984. The official said that income for the year as a whole is expected to remain at around C\$260m.

The commissioning this year of new hydroelectric and nuclear generating facilities has raised interest and depreciation costs, while the application of new accounting guidelines has increased the impact of foreign exchange losses caused by the declining Canadian dollar. Foreign exchange losses rose by C\$68m in the first nine months of 1984.

Power sales volumes in Quebec rose by 11.7 per cent in the first nine months compared with the same period last year, while sales outside the province were 14.1 per cent higher, due mainly to extra deliveries to Ontario. Export revenues moved up by 19 per cent to C\$463m.

The company said, however, that the start-up of the new facilities had created "temporary" power surpluses which were not generating any revenue. The new capacity includes several units at the James Bay hydroelectric project and the Gentilly nuclear power station near Montreal.

Avco rebuff for Irwin Jacobs

By WILLIAM HALL in NEW YORK

AVCO, the U.S. financial and aerospace company which fought off an unwelcome takeover bid last August, has rejected the overtures of Mr Irwin Jacobs, the Minneapolis financier, who now controls just over 12 per cent of the company.

Avco said yesterday that it had received a letter from Mr Jacobs stating that he and his associates continued to believe that Avco shares were undervalued, and would like to explore the feasibility of arranging a transaction pursuant to which Avco's shareholders would realise a premium above

present market value for their shares.

Mr Jacobs, who has been involved in several corporate fights including this summer's manoeuvres at Walt Disney, said he believed that he could secure the necessary financing for such a deal and said that on the basis of his present thinking "an appropriate price level is excess of book value."

Mr Jacobs' letter requested Avco's cooperation in a more detailed investigation of Avco and its affairs by Mr Jacobs and his associates. However, Mr Robert Bauman, Av-

Litton makes steady progress

By Our Financial Staff

LITTON Industries, the Beverly Hills-based defence and electronics group, has continued its steady record of earnings growth by lifting first-quarter net profits from \$55.7m or \$1.30 a share to \$67.7m or \$1.59.

The previous period includes a loss of \$4.6m on the sale of most of Litton's discontinued business systems division.

In the fiscal year ended July 31 Litton lifted earnings from continuing operations by 10.5 per cent to \$27.7m.

Northern Telecom lifts capital budget 59%

By BERNARD SIMON in TORONTO

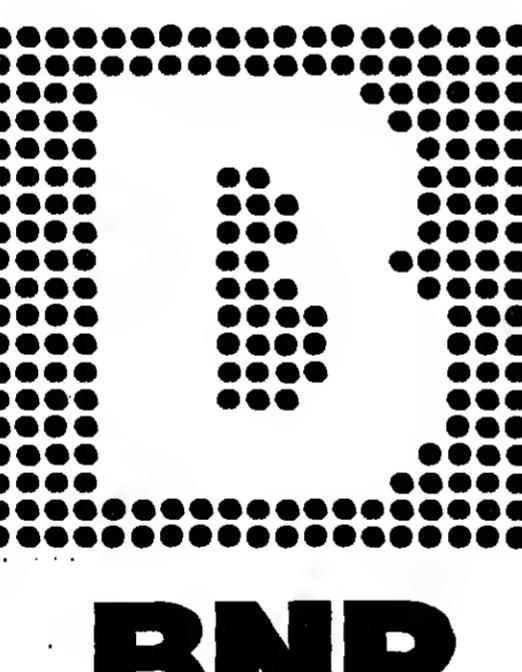
UNEXPECTEDLY strong demand has prompted Northern Telecom, the Canadian manufacturer of digital telecommunications systems, to accelerate its capital investment plans, a senior company official told a group of investment analysts yesterday.

The 1984 capital budget has been raised from C\$500m (US\$321m) to C\$800m, 59 per cent higher than last year's spending. More than a third of the investment is for additional production capacity or the

group's DHS range of central office switches.

Northern Telecom president Mr Edmund Fitzgerald said that sales to Bell operating companies in the U.S. were expected to more than double this year to around C\$700m, four times the 1982 level. These figures exclude private branch exchanges (PBXs).

Northern Telecom total revenues are expected to top C\$4bn for the first time this year, compared to C\$3.5bn in 1983.



BNP

Banque Nationale de Paris p.l.c.

8-13 King William Street, London EC4P 4HS,
Telephone: 01-626 5678, Telex: 883412 BNP LNB

Knightsbridge: 01-581 0104 Berkeley Square: 01-493 9559
Manchester: 061-228 0611 Leeds: 0532-443633
Birmingham: 021-236 9735 Edinburgh: 031-226 6655

BNP Group Head Office:
16 Boulevard des Italiens, 75009 Paris

New York
July 1984

Project Financing

For the

Corona Milk Processing Facility

To be Constructed and Managed in Corona, California
By Affiliates of

Express Dairy Company Limited

(A Wholly Owned Subsidiary of Grand Metropolitan Public Limited Company)

To be Owned by a Limited Partnership
Formed by

Dansk Investeringsfond

To be Leased to

Integrated Protein Technology

(A Subsidiary of Griswold Controls)

US \$90,000,000

Limited Recourse Construction and

Medium Term Project Financing

Provided by:

Lloyds Bank International Limited

National Westminster Bank USA

Wells Fargo Bank N.A.

Nordic American Banking Corporation

Home Federal Savings & Loan Association

First City National Bank of Houston

Privatbanken A/S

US \$36,000,000

Long Term Partnership

Equity Financing

Provided by:

Creditanstalt-Bankverein

Christiania Bank Luxembourg S.A.

Horsens Sparekasse

Aktivbank International S.A.

Bergen Bank International S.A.

Kreditbank S.A. Luxembourg

Union Bank of Finland International S.A.

Christiania Bank og Kreditkasse

Lefac International S.A.

Banque Generale du Luxembourg S.A.

Security Agent:

Aktivbanken A/S

Arranger and Agent:

Christiania Bank Luxembourg S.A.



INTL. COMPANIES & FINANCE

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland

B.A.T. International Finance p.l.c.
(Incorporated in England under the Companies Acts 1948 to 1967, registered number 1060930)

£100,000,000 10% per cent. Guaranteed Notes 1991

guaranteed as to payment of principal, premium (if any) and interest by



(B.A.T. Industries p.l.c.)

(Incorporated in England under the Companies Acts 1908 to 1917, registered number 233112)

Issue Price 99% per cent.

The following have agreed to subscribe or procure subscribers for the Notes:—

S. G. Warburg & Co. Ltd.

Amro International Limited
Barclays Merchant Bank Limited
County Bank Limited
Dresdner Bank Aktiengesellschaft
Lazard Brothers & Co., Limited
Lloyds Bank International Limited
Morgan Guaranty Ltd
Sumitomo Finance International

Bank Paribas
Baring Brothers & Co., Limited
Credit Suisse First Boston Limited
Hambros Bank Limited
Lehman Brothers International, Inc.
Samuel Montagu & Co. Limited
Nomura International Limited
Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

The 20,000 Notes of £5,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the global Note. Interest is payable annually on 11th December, the first such payment being due on 11th December, 1985.

Particulars of the Issuer, the Guarantor and the Notes are available in the Extel Statistical Service and may be obtained during normal business hours up to and including 12th December, 1984 from:—

de Zoete & Bevan,
25 Finsbury Circus,
London EC2M 7EE

28th November, 1984

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

November, 1984



\$65,000,000

Frank B. Hall & Co. Inc.**Subordinated Exchangeable Variable Rate Notes
due November 15, 1994**

The Subordinated Exchangeable Variable Rate Notes (the "Variable Rate Notes") will bear interest at the rate of 12.75% per annum through February 14, 1985 and at a variable rate per annum for each quarterly period thereafter equal to the greater of (i) the Three Month Treasury Rate for such period plus 300 basis points or (ii) LIBOR for such period plus 175 basis points, but in no event more than LIBOR plus 275 basis points (provided that the rate of interest for the period from February 15, 1985 through May 14, 1985 will not be less than 12.75%). The Variable Rate Notes are due November 15, 1994, unless exchanged or redeemed prior to such date. The Variable Rate Notes are exchangeable for Subordinated Fixed Rate Notes (the "Fixed Rate Notes") at the option of the Company, in whole but not in part, on any interest payment date up to and including November 15, 1989. The Fixed Rate Notes will bear interest at a rate per annum equal to 124% of the Five Year Treasury Rate, determined as of the exchange date. The Fixed Rate Notes will mature five years from the exchange date. Interest on the Variable Rate Notes and the Fixed Rate Notes will be payable quarterly and the first interest payment date for the Variable Rate Notes will be February 15, 1985.

PaineWebber
Incorporated

Prescott, Ball & Turben, Inc.

U.S. \$125,000,000

**Carteret Savings and
Loan Association, F.A.**
(Incorporated under the laws of the United States)**Collateralized Floating Rate
Notes Due 1994**

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 28th November, 1984 to 28th May, 1985 the Notes will carry an Interest rate of 9 1/4% per annum. The interest amount payable on the relevant Interest Payment Date which will be 28th May, 1985 is U.S. \$2,435.33 for each Registered Note of U.S. \$50,000.

Credit Suisse First Boston Limited
Agent Bank

**Base Rate**

BANK OF CREDIT AND COMMERCE
INTERNATIONAL SOCIETE ANONYME
LICENSED DEPOSIT TAKER

announces that from 26th November 1984
its base rate
is changed

from 10% to 9 1/2% p.a.

100 Leadenhall Street London EC3A 3AD

King of Diamonds gives up chair at De Beers

BY KENNETH MARSTON, MINING EDITOR

THE KING of Diamonds is to step down. After 27 years as chairman of De Beers Consolidated Mines, Mr Harry Oppenheimer (76) is to retire at the end of this year. Mr Oppenheimer will, however, be keeping his seat on the board—a position he has held for 50 years.

As expected his place is to be taken by Mr Julian Ogilvie Thompson, the present deputy chairman. Mr Oppenheimer's son Niccy becomes deputy chairman and, no doubt, will eventually take the chair (as did his father and his grandfather, Sir Ernest Oppenheimer) of what may be regarded as the world's biggest family business.

The news of Harry Oppenheimer's retirement comes as no great surprise, following his decision two years ago to leave the chair at the associated Anglo American Corporation of South Africa. He would probably have left De Beers at the same time but for the recession which was rocking the diamond world.

The love affair with diamonds began back in 1932 when Harry Oppenheimer, like his father before him, became a diamond sorter. The market, as most others, was still suffering from the aftermath of the 1929 crash. World mine production was cut



Mr Harry Oppenheimer

back but the unsold stocks of rough (uncut) diamonds held by the market controlling setup, the De Beers run Central Selling Organisation (CSO), steadily rose, a scenario similar to that of the past three years or so.

After war service in the Western desert he went into politics winning the seat of his home town Kimberley for the United Party in the 1948 general election. However, it was the Nationalist Party that won the day and Harry Oppenheimer spent 10 years as a member of the opposition.

The death of his father in 1957 ended his political career and he then returned to the family business as chairman of both Anglo American and De Beers.

He never allowed control of the diamond market to slip from the grasp of the CSO during the boom years of 1973-78 when prices of polished gems were overheated by merchants, notably in Israel, hoarding uncut stones as a hedge against currency and other uncertainties.

Today, the CSO is living the pattern similar to that of the depression years of the 1930s. Mine production has been trimmed and to avoid over-supply of rough diamonds held by the syndicate is holding unsold stocks which had a value of \$1.55bn at the end of last year, when sales totalled \$1.6bn, and which probably will remain at this excessive level.

As a man who is part of the diamond dynasty Harry Oppenheimer has remained at the helm of De Beers through the storms of the 1980s recession. To a degree, these storms have now abated, but his ship will need all the expertise of "Jot" Thompson for some time yet.

\$100m facility for Keppel Shipyard

By Chris Sherwell in Singapore

KEPPEL SHIPYARD, one of Singapore's leading industrial corporations, and four major local banks yesterday agreed on the terms of a \$100m (US\$46.1m) revolving underwriting facility, the first ever to be arranged in the island state.

The five-year facility marks the "final leg" in the overall exercise of restructuring the debt portfolio of the Keppel group, according to the company, and will be used to refinance some of its more expensive borrowings. Earlier this year, Keppel announced a US\$100m commercial paper issue in the U.S.

The facility has won the blessing of the Monetary Authority of Singapore, the government's powerful financial sector regulator, a.

DBS Bank—like Keppel itself, a government-controlled entity—is one of the four underwriting banks, and will also manage the issue for Keppel. The other three are Overseas Chinese Banking Corporation (OCBC), Overseas Union Bank, and Tat Lee Bank.

The agents for the issue, and pioneers of the arrangement in Singapore, are Singapore International Merchant Bankers, a joint venture between Schroder Wag and London and the OCBC group in Singapore. Schroders has previously led the way in this field in Hong Kong.

Under the arrangement, Keppel can borrow up to \$910m over the next five years by issuing one-month, three-month, and six-month notes. As a sign of its good credit rating, it would pay DBS Bank's prime rate in the first three years and not more than DBS prime plus one-eighth percentage point in the last two years.

Apart from the four underwriting banks, six other banks would be invited to bid for the notes as members of a tender panel.

Recovery continues at Pioneer

BY ROBERT COTTRELL IN TOKYO

PIONEER Electronic Corporation, the Japanese electronics manufacturer which is a market leader in audio equipment and laser video discs, has reported group net profits of Y2.07bn (S\$2.8m) for the year to September 30. This is a sharp increase on last year's Y2.23bn, but continues Pioneer's recovery from the Y3.07bn net loss of 1981-82.

Sales rose by 8.7 per cent to Y20.27bn from Y19.74bn, and profits before tax and extraordinary items totalled Y19.70bn, an increase of 34.3

per cent over the Y14.67bn recorded in 1982-83.

Pioneer company results for the same period show net profits just 0.1 per cent higher at Y17.4bn, in line with the company's interim forecast. Parent company sales rose by 3.4 per cent, to Y24.73bn from Y23.96bn, and profits before tax and extraordinary items by 3.8 per cent, to Y14.67bn.

Pioneer said it plans to maintain its full-year dividend at 25 cents, and forecast parent company net profits of Y8bn for

the current year on sales of Y28.0bn.

Central to Pioneer's recovery has been the strength of its Laser-Disc video disc format, which most analysts believe will emerge as the industry standard. The company is also one of Japan's largest manufacturers of audio products and car stereo systems.

The sharp rise in group net profits was due to the expansion of the company's visual equipment product line as well as to improved profitability in its overseas subsidiaries.

This announcement appears as a matter of record only.

\$100,000,000

RBS Limited Partnership

A Limited Partnership organized to invest in the securities of U.S. regional bank stocks.

The limited partnership interests were placed privately with domestic and international investors by the undersigned.

**Alex. Brown & Sons
Incorporated**

November 27, 1984

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



Korea Exchange Bank

(Incorporated in the Republic of Korea under the Korea Exchange Bank Act of 1966, as amended)

£100,000,000

Floating Rate Notes due 1994

Convertible at the option of the holders into U.S. Dollar denominated Floating Rate Notes due 1994

Issue Price: 100%

The following have agreed to subscribe for the Sterling Notes:

Manufacturers Hanover Limited

Baring Brothers & Co., Limited

Amro International Limited

Banque Paribas Capital Markets

Dai-Ichi Kangyo International Limited

Hambros Bank Limited

Merrill Lynch Capital Markets

Morgan Grenfell & Co. Limited

Nomura International Limited

Swiss Bank Corporation International Limited

J. Henry Schroder Wag & Co. Limited

Lloyds Bank International Limited

Banque Indosuez

County Bank Limited

Deutsche Bank

Kleinwort, Benson Limited

Samuel Montagu & Co. Limited

Morgan Guaranty Ltd

Standard Chartered Merchant Bank

Union Bank of Switzerland (Securities) Limited

S.G. Warburg & Co. Ltd.

The Sterling Notes in bearer form in denominations of £5,000 and £25,000 in amounts each constituting the above mentioned Sterling Notes and the Dollar Notes have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Sterling Notes and the Dollar Notes, respectively.

Purposes of the issue, the Sterling Notes and the Dollar Notes are available in the statistical services of Extel Statistical Services Limited and may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 12th December, 1984 from:

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

28th November, 1984

INTL. COMPANIES & FINANCE

Third-quarter recovery at VW

BY OUR FRANKFURT STAFF

VOLKSWAGEN, the West German car manufacturer, has cut its group loss to DM 47m (\$15m) in the first nine months of this year from DM 247m in the same period of 1983.

It made a sharp recovery in the third quarter, after suffering a group loss of DM 162m in the first half of the year, when it was hit by the national engineering strike.

VW's latest performance has strengthened hopes that it may be returning to profitability after the major setbacks of recent years. With problems in the U.S. and Latin America, and at its Triumph-Adler office products subsidiary, VW incurred a group loss of DM 300m in 1982 and DM 215m last year.

The company, in which the

West German Federal Government and the state government of Lower Saxony each has a 20 per cent stake, omitted a dividend for two years in succession.

VW made a group net profit of DM 81m in the first quarter of this year, but suffered a setback as it lost production of about 160,000 VW and Audi cars during the labour conflict in May and June.

VW's latest performance has strengthened hopes that it may be returning to profitability after the major setbacks of recent years. With problems in the U.S. and Latin America, and at its Triumph-Adler office products subsidiary, VW incurred a group loss of DM 300m in 1982 and DM 215m last year.

The company, in which the

buoyant sales of dearer models, as well as by the increased D-mark value of dollar earnings.

VW obtained 57.6 per cent of its sales revenue from markets abroad, compared with 62.2 per cent a year earlier.

The VW group produced just over 1.5m vehicles in the first nine months of this year, only 5.4 per cent fewer than the same period last year.

VW made a group net profit of DM 81m in the first quarter of this year, but suffered a setback as it lost production of about 160,000 VW and Audi cars during the labour conflict in May and June.

The group increased its workforce by 2.1 per cent to 237,000, with 160,000 in West Germany and 77,000 abroad.

Nestlé puts off \$1bn Euromarket loan

BY ANTHONY McDERMOTT IN VEVEY

NESTLÉ, the Swiss foods group which is seeking control of Carnation in the U.S., is awaiting the decision of the Federal Trade Commission before it concludes negotiations for a \$1bn Euromarket loan to help finance the \$3bn deal.

Mr Helmut Maucher, Nestlé managing director, said of the loan: "We do not need that amount at the moment." The company's current cash flows are reckoned to be well above SFr 5bn (\$1.9bn).

Mr Maucher said that he was optimistic that the FTC would agree to the acquisition, but he added: "Nothing has been concluded yet."

The FTC's consent order expires on January 7, while the bid date has now been extended, for the fourth time, until December 7. However, some decision on financing may be made when the Nestlé board meets tomorrow.

The proposed \$1bn loan would replace part of the \$2.5bn bridging loan, led by Citibank, which Nestlé considers too expensive. Credit

Swiss First Boston has been mentioned as a possible lead manager for the replacement borrowing, but Nestlé is insisting it will be on "very flexible" terms.

The FTC's objections halted a separate takeover bid by Nestlé for a U.S. company earlier this year. It backed out of a \$325m bid to acquire CooperVision, the contact lens specialists, last July after the FTC raised objections to the deal.

Mr Carl Angst, a Nestlé director, said that the Swiss company had acquired some 76 per cent of Carnation's shares. The deal was announced at the beginning of September, but the FTC is still considering whether the merged company's share of the cocoa-mix market might be excessive.

This could result in the FTC requiring a partial divestment within the U.S. Mr Maucher said, however, that in terms of Carnation "it would never be a big amount, not one-third or one-quarter, only small sectors."

The number of contributors has also increased, from 300 to more than 400.

Telerate earnings jump 43%

By Our Financial Staff

TELERATE, the fast growing business information company 51.5 per cent owned by Exco, the UK money broker, boosted net income for the year ended September 30 by 43 per cent, and revenues by 70 per cent.

Earnings were \$22.7m, or 63 cents a share, against \$20m, 48 cents, on revenues of \$114m, against \$67m. The quarterly dividend has been raised to 8 cents a share from 5 cents.

Mr Neil Hirsch, president and chief executive, attributed the advance in earnings to the continuing flow of domestic orders from first-time subscribers and existing users, and an increasing order rate from overseas.

Telerate's terminal base grew to 14,000 worldwide in the year, up from 11,000 the year before. The number of terminals outside the U.S. and Canada rose from 3,000 to more than 4,000.

The number of contributors has also increased, from 300 to more than 400.

Ambrosiano climbs out of the red

By Alan Friedman in Milan

NUOVO BANCO, Ambrosiano, the successor bank to the defunct Banco Ambrosiano, managed to break even for the financial year to last June 30. Dr Giovanni Bazoli, the chairman, yesterday announced a 1983-84 profit of L70m (\$37,000), which compares with a L24.9bn loss suffered by Nuovo Ambrosiano in its first 11 months.

The nominal L70m profit was struck after bad debt provisions and write-downs totalling L97bn. The equivalent write-down for 1982-83 was L89bn.

Dr Bazoli repeated yesterday his desire to pursue a merger of the unquoted Nuovo Ambrosiano group and La Centrale, its financial subsidiary, which is quoted on the Milan bourse and controls the lucrative Banca Cattolica del Veneto. A preliminary study of the complex exercise should be completed shortly, and Dr Bazoli hopes to go ahead with the merger in the first half of next year.

La Centrale, which is 67 per cent owned by the Nuovo Group, made a L27.6bn profit in the year to last June, its first profit since 1981. The subsidiary is an attractive assets which Dr Bazoli wishes to retain and to use as Nuovo's vehicle towards its own stock market quote. La Centrale's break into the black was the result of asset disposals, including its sale last spring of majority control of Credito Varesino, a private bank in Lombardy.

Dr Bazoli said Nuovo Ambrosiano was no longer having to pay excessive interest on deposits to attract savers. "We are in line with other Italian banks."

iip INTERNATIONAL INCOME PROPERTY INC

LIFTS PAYOUT

DISTRIBUTIONS SINCE FORMATION

Years to December	1978	'79	'80	'81	'82	'83
Cents per share - U.S.	45	62	69	74	80	81

iip distributions normally include a tax-free component, anticipated to average 50% of annual distribution.

Nine Months to Sept.

'83 '84 '85

60c 66c 66c

Third quarter distribution of 22 cents (20 cents in 1983) will be paid on 30 November.

REAL ESTATE ASSETS

\$USM net of mortgages



iip owns major shopping centres in the United States.

iip is listed on The Stock Exchange, London, The American Stock Exchange and Australian Associated Stock Exchanges. Annual Reports are available by writing to the Lend Lease group.

Lend Lease Management Limited (Agent for iip)

P.O. Box No. 182 London WC1

Mitsui Finance Trust International Limited

CHANGE OF ADDRESS

Notice is hereby given to the holders of the Securities listed below in relation to which Mitsui Finance Trust International Limited acts as the Fiscal Agent and the Replacement Agent, that effect from 10th December, 1984 the specified office of Mitsui Finance Trust International Limited in relation to such Securities will be:

1 London Wall Buildings,
London Wall, LONDON EC2M 5PP
Telex No. 886107
Telephone No. (01) 588 4672

The Tokyo Electric Power Co. Inc.
U.S.\$100,000,000
13% Notes due 1989

NEW ISSUE

This announcement appears as a matter of record only.

November 1984



STAR MFG. CO., LTD.

(Star Seimitsu Kabushiki Kaisha)

(Incorporated with limited liability under the Commercial Code of Japan)

U.S.\$50,000,000

3 1/2 per cent. Convertible Bonds Due 2000

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Citicorp Capital Markets Group

Banque Nationale de Paris

Crédit Lyonnais

Deutsche Bank Aktiengesellschaft

Robert Fleming & Co. Limited

Kokusai Europe Limited

Merrill Lynch Capital Markets

Morgan Stanley International

Nomura International Limited

J. Henry Schroder Wag & Co. Limited

Dai-Ichi Kangyo International Limited

Baring Brothers & Co., Limited

Credit Suisse First Boston Limited

Dresdner Bank Aktiengesellschaft

Kleinwort, Benson Limited

LTCB International Limited

Morgan Grenfell & Co. Limited

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited

Union Bank of Switzerland (Securities) Limited

This announcement appears as a matter of record only

Ralston Purina Company

Public Issue
Swiss Francs 125,000,000
5 1/2% Bonds Due 1994

Managed by

CITICORP BANK (SWITZERLAND)

GOLDMAN SACHS FINANZ AG

BA FINANCE (SWITZERLAND) LTD.

BANK HEUSSER & CIE AG

BANQUE MORGAN GRENfell

COMPAGNIE DE BANQUE ET

EN SUISSE S.A.

D'INVESTISSEMENTS, CBI

J. HENRY SCHRODER BANK AG

LTCB (SWITZERLAND) AG

MITSUI FINANZ (SWITZERLAND) AG

MORGAN GUARANTY

THE ROYAL BANK OF CANADA (SUISSE)

(SWITZERLAND) LTD.

RUEGG BANK AG

CITICORP
INVESTMENT BANK

October 1984

Mobil Corporation

has acquired

The Superior Oil Company

We acted as financial advisor to Mobil Corporation.

Goldman, Sachs & Co.

New York Boston Chicago Dallas Detroit

Houston Los Angeles Memphis Miami

Philadelphia St. Louis San Francisco

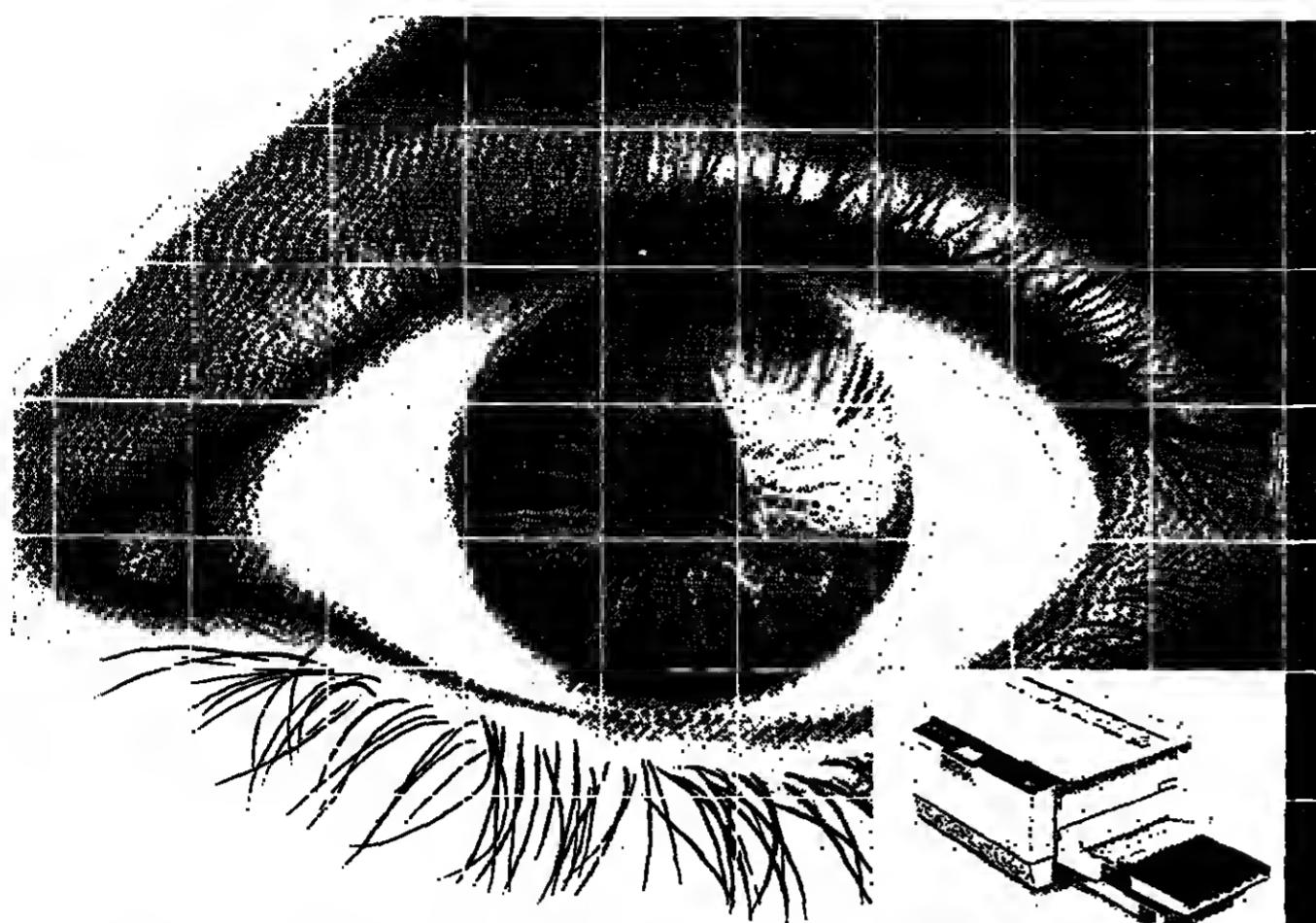
London Hong Kong Tokyo Zurich

November 8, 1984

INTL. COMPANIES & FINANCE

David Buchan reports from Budapest on a Comecon breakaway

Hungary makes bond trade history



Perfect exposure is automatic with a Toshiba copier.

Like the eye, Toshiba copiers react to light and shade automatically. Even under adverse conditions the Automatic Exposure System guarantees brilliant results.

Toshiba's TTL (Through-The-Lens) metering system automatically sets the copier exposure for perfect results the first time, every time, eliminating manual setting errors.

Take an original on a darker background, for instance. A Toshiba copier compensates for this trying adversity. And you get a copy on a background as white and pure as the driven snow. Not an unholy mess.

Which is reassuring to know if you ever have newsprint, photographs, originals of dubious quality, or dreaded darker backgrounds to deal with.

What's more Toshiba copiers give consistently good results. With a reliability that is envied by many, but matched by few.

We're not suggesting Toshiba are the only people in the world making copiers. What we do say is that Toshiba copiers are the best value for money.

One thing's for sure, their prices are no way near as advanced as their electronics. And whether you're a one-

man band, or a big band, there's a Toshiba copier to suit you.

But seeing is believing—so send the coupon today.

Copier Reliability from advanced technology

Lion

To: Lion Office Equipment Ltd
International House
Windmill Road
Slough, Berks, Thames
MIDDLESEX TW6 7HR

Please ring me to arrange a demonstration.

Please send me more details of the Toshiba
range of copiers.

NAME _____
COMPANY _____
ADDRESS _____
TEL NO. _____

TCP REGISTRATION

A BLONDE sits at a desk, a telephone in front of her and behind her a small Commodore computer and a chart listing some 30 different bonds. There is no great stir of activity—a fur-wrapped matron of some means wanders in to ask about next week's issue, and someone telephones in from Vienna about a (premature) Austrian press report that foreign currency bonds will soon be traded in Budapest.

Yet this is history being made. Here, in the marbled hall of what was once a joint Anglo-Hungarian bank and is now Hungary's State Development Bank, is the first bond market in the Soviet bloc. Long considered a Comtron communist player on the international money market, Hungary is doing some innovating at home. Last year, Hungarian companies and municipalities started issuing their own bonds for sale to other companies and individual citizens. This year, secondary trading in these bonds began.

The country is also considering opening its domestic bond market to western investors, according to Mr Janos Radnitz, director of the State Development Bank.

The bond market is one of the more controversial of the Hungarian economic reforms. But its aims are straightforward enough—to encourage the flow of capital to the more profitable companies, to tap earnings from the fast-expanding private enterprise sector and to widen the choice for the Hungarian investor. So far, the macro-economic effect has been minimal. The 1.5bn forints (\$30m) channelled into bonds up to now amounts to only 2 per cent of what Hungarian companies spend on investment each year, or about 0.5 per cent of total savings.

However, Mr Zsigmond Jarai, the state development bank's man in charge of bond trading, says: "The demand for our bonds was much greater than the issuing and bankers expected—so we created a market." It is his bank which does the trading, buying bonds and then selling them on a 2 per cent premium. The bank fixes—or at least reviews—bond prices every week, lowering or raising them according to what it judges to be the balance between supply and demand. The rates are then published in the Heti Vilaggazdasag (Weekly World Economy) newspaper.

The bonds fall into two cate-



Bond trading in Hungary: investors study the dealing board

gories, effectively creating two "utility of bonds and play down any speculative aspect. But Mr Jarai emphasises that "at this initial stage of our bond market it must be kept simple and stable." In the past, he says, "what experience Hungary have had of bonds has not been favourable." Their "old bonds" from the First World War were never repaid, while "peace bonds" of the late 1940s and early 1950s, which Hungarians were forced to buy, were redeemed well below their real value, because of inflation.

But some institutions have been a little too clever in tying their bond issues to a provision of services in good. The south-eastern city of Szeged managed to raise 250m forints (the second biggest issue yet) at only 7 per cent by promising each buyer a telephone within three years.

If there is a bear market in these inter-company issues, there is a positive bull market in those available to individual buyers.

In the latter case, demand so far exceeds supply

that trading in many issues has virtually ceased. One reason is that bond issues sell to the entire country, unlike the others, require Ministry of Finance approval.

The Ministry generally approves only issues which generate cash for some demonstrable public purpose—such as the Skala Co-operative's conversion of an old textile warehouse into a much needed department store in part of old Budapest, or the even more needed provision of telephones or laying of gas pipelines in various parts of the country.

There may be a touch of ideology in the Ministry's decisions, to stress the "practical

value" of bonds and play down any speculative aspect. But Mr Jarai emphasises that "at this initial stage of our bond market it must be kept simple and stable." In the past, he says, "what experience Hungary have had of bonds has not been favourable." Their "old bonds" from the First World War were never repaid, while "peace bonds" of the late 1940s and early 1950s, which Hungarians were forced to buy, were redeemed well below their real value, because of inflation.

But some institutions have been a little too clever in tying their bond issues to a provision of services in good. The south-eastern city of Szeged managed to raise 250m forints (the second biggest issue yet) at only 7 per cent by promising each buyer a telephone within three years.

This is far quicker service than most people in phone-starved Hungary can hope for. But the telephones went only to original purchasers. This has virtually killed secondary trading in this issue, which is now trading at 50-82 per cent of par value.

Mr Jarai would like to see future bond issues offer higher rates of interest rather than services attached. Rates of

generally 9.11 per cent on bonds for individuals are, at the same time, not bad, considering that individuals do not pay tax on interest and that rates paid by the savings banks are lower.

Perhaps the only way to revive trading would be a sharp jump in the price of those bonds in most demand: at present their market price is only 68 per cent above par. That would bring "supply" and "demand" together.

How far and how fast Hungary's financial market will develop is impossible to tell. But its beginnings have stirred interest from East and West. Russians, Poles and East Germans have come to Budapest to check it out, while Mr Jarai will be in London next spring on a British Government sponsored trip to see how the stock exchange there works.

In Touch with Tomorrow
TOSHIBA

All of these securities have been sold. This announcement appears as a matter of record only.

November, 1984

U.S.\$500,000,000



New Zealand

Adjustable Rate Extendible Notes, Series A

The Notes will be repayable on February 5, 1985, or, if the date for repayment is extended to a Subsequent Repayment Date, on such Subsequent Repayment Date. Each Subsequent Repayment Date must be a date three, six or nine months or one through nine years following February 5, 1985 or the last Subsequent Repayment Date, as the case may be, and prior to November 1, 1994.

The annual interest rate on the Notes through February 5, 1985 will be subject to weekly adjustment on the calendar day following each auction of 91-day Treasury bills, and will be equal to 50 basis points above the 91-day Treasury bill auction rate (expressed on a bond equivalent basis). Thereafter, the interest rate on the Notes for each Extension Period will be designated by New Zealand.

Kidder, Peabody & Co.
Incorporated

The First Boston Corporation
Merrill Lynch Capital Markets

Goldman, Sachs & Co.
Morgan Stanley & Co.
Incorporated

Lehman Brothers
Shearson Lehman/American Express Inc.
Salomon Brothers Inc.

APPOINTMENTS

Exploration chief for Shell

Mr Peter Everett has been appointed to the board of MOORGATE MERCANTILE HOLDINGS as a non-executive director. He is the son of the chairman.

Mr Everett, who is managing director of Brunei Shell Petroleum Co. and chief executive of Brunei LNG, Dr Jennings will be moving to The Hague to become exploration and production co-ordinator with Shell International Petroleum Maatschappij.

Mr Peter Meredith, head of commercial division, has been appointed to the board of BILLITON UK.

Mr Stephen A. Silman has been

appointed to the board of Systems Corp. Mr Chris Batterham has been appointed company secretary and financial controller. He has previously worked with the BICC group audit department.

PADDINGTON BUILDING SOCIETY has appointed its general manager and secretary, Mr Michael S. Cross, to the board.

Mr Kenneth Andrew, currently chief executive of Good Relations City, has been appointed director and divisional general manager, COOD RELATIONS GROUP, having responsibility overall for the corporate, city and public affairs side of the

business. Mr Jeremy Wyatt has been appointed chief executive of Good Relations Corporate Affairs. Mr Paul Tyler has been appointed chief executive of a new wholly-owned subsidiary, Good Relations Public Affairs.

A new senior management post has been created at THAMES WATER—that of general manager/marketing. The man taking the task of marketing the Authority's products and services at home and abroad is Mr John Case, formerly group sales and marketing director of Lancer Boss.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

BUTCHER, ROBINSON & STAPLES has appointed Mr Pennington Leigh as financial director.

ROBERT FROST & PARTNERS has appointed Mr Paul Archer as finance director in charge of asset management and administration. Mr Mark Lewis has also been appointed assistant director in the same department, both from December 1.

Mr Graham Meek has been appointed production director designate of COX & WYMAN, a McCorquodale company.

Mr Eddie Ray, former president of the Institute of Chartered Accountants, has been appointed chairman of FENCHURCH REGISTERS in succession to Mr Richard Langdon. Mr Julian Pilkington and Mr Trevor Thomas have also joined the board. Fenchurch Registers is the share registration company controlled by Spicer and Pepler.

CANADA LIFE has appointed Mr Michael Sales manager, UK, and Mr Tony Neilland as executive development manager, Republic of Ireland.

Mr Parry Rogers has been appointed deputy chairman of the INSTITUTE OF DIRECTORS. He is director of personnel for The Plessey Company.

Mr Marcel Kreisberger has joined ALTAIR COMPUTING SERVICES, Illeworth, as director.

Mr J. A. Pearce has been appointed a non-executive director of REACTIVE TECHNOLOGY.

Mr Ray Bull has been appointed director and general manager of the newly-formed international defence systems division of DOWTY ELECTRONICS.

Mr George Hill has been appointed managing director of THE MARCONI INTER-

Changes at ICI plastics

At ICI petrochemicals and plastics division, group director Mr David C. Ingram and polyolefins and performance resins general manager Mr Mike Robinson will both retire on January 31 1985.

Mr Peter Jenkins has been appointed to the new post of chief executive of the BOWATER ZENITH companies, Norwich. He was group sales director of Quickfit Holdings, based in Edinburgh.

Mr David Jenkins has been appointed to the new post of chief executive of the BOWATER ZENITH companies, Norwich. He was group sales director of Quickfit Holdings, based in Edinburgh.

Mr John Michael Welbank, chairman of Shandong Co., has been elected chairman of the BRITISH CONSULTANTS BUREAU (BCR) for the year 1984-85. Mr Michael R. Lewis, of Ove Arup and Partners, becomes senior vice chairman, and Mr J. Laurie Gould, of ULC Consultants, is second vice chairman.

Mr Andrew Rushton has been appointed export director for ARENSON INTERNATIONAL. He was export manager.

The SCOTTISH LIFE ASSURANCE COMPANY has appointed Mr J. R. Glen as deputy chairman.

Mr Peter C. Aspinall has been appointed to the board of WHITSTONES' FOOD GROUP as non-executive deputy chairman. Until his retirement last October, he was managing director of Chloride International.

THE BRITISH BLOODSTOCK AGENCY has appointed from January 1 Mr Simon Morley, as executive director, and Mr Michael Wales, as non-executive director. Mr Morley is manager of the stallion department. Mr Wales is chairman of Wales Holdings.

Mr Peter Hamilton has been appointed from December 10 as managing director of HILL AND KNOWLTON (CITY) LIMITED. He was managing director of Good Relations (Corporate Affairs).

Mr Robert Sywaly has been appointed managing director of the Purnell Book Centre and director with overall responsibility for all PERGAMON/PFC book distribution in the UK and overseas, from January 2. He is director of information and business services at McGraw-Hill Book Company UK.

Mr George Hill has been appointed managing director of THE MARCONI INTER-

NATIONAL MARINE COMPANY. He was general manager.

The Energy Secretary has reappointed to the board of the BRITISH GAS CORPORATION Mr W. G. Jewers as managing director, finance, for two years from December 15. Mr Martin Jacob has been reappointed as a part-time member for three years from December 11. Mr Jacob is vice chairman of Rilemco Benson.

Mr Derek Bucknall, general manager, personnel, has been appointed general manager, polyolefins and performance resins, from January 1.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of Miller Buckley Developments, the group's commercial property development arm. He has, for 11 years, been a director of MEPC which he joined in 1963.

Mr Alan Crowe has been appointed to the board of BUCKLEY DEVELOPMENTS holding company of the Miller Buckley Group. He has been appointed chairman of

UK COMPANY NEWS

Beecham soars £15m with Augmentin benefits ahead

THE Beecham Group continued to achieve a healthy rate of growth in the first half of the current year with pre-tax profits reaching £142.8m, an improvement of 12.1 per cent over last year's £127.4m.

The interim dividend is being stepped up from 4.8p to 5.1p net per 25p share. Turnover advanced to £1.09bn (£950.8m)—the group's principal activities are pharmaceuticals and consumer products.

Mr Ronald Halstead, the chairman, tells shareholders in his interim report that the most important event of the half-year so far was the success of the launch in the U.S. of Augmentin, the group's new oral antibiotic.

He reveals that in its first two-and-a-half months of availability American doctors wrote more than 300,000 prescriptions for the product.

It is pointed out that the first

half figures from America included no profits from Augmentin. Sales totalled about £5m, but profits were set against initial costs.

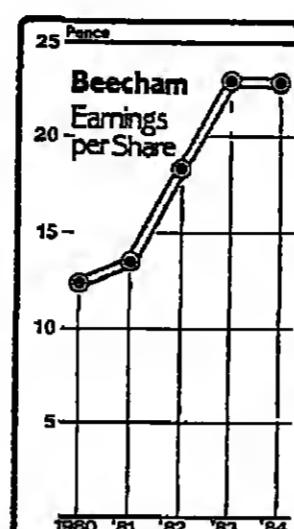
There will be no exceptional provisions in the second six months to cover the launch costs of the product.

Augmentin is now available in some 20 countries, but a launch in Japan is not expected before early winter next year.

The consumer products business also made good progress over the half year within established businesses in the U.S. and continental Europe. This helped to offset the continuing effects of last year's compulsory price reductions in Japan and a drop in exports, which was due partly to fluctuations in foreign currencies in certain countries and partly to Nigeria's economic difficulties.

Available profits amounted to £78.7m (£77m). Earnings per share on a net basis totalled

11.06p (11.13p); on a nil dividend basis they were 12.11p (£11.7p). As is usual the results of overseas companies were translated at exchange rates ruling at March 31. If rates of exchange ruling at September 30 had been applied group turnover would



RONALD HALSTEAD, chairman of Beecham

Mr Cartier hots up bid battle for Cullens

By Alexander Nicoll

THE RAPID fire of bids for Cullen's Stores, the loss-making grocery and off-licence chain, continued yesterday with an increased £2.3m offer from Mr Lewis Cartier and Mr David Cuddean.

And the battle moved

further into deadlock, with yesterday's bidders commanding 34.9 per cent of Cullen's voting equity and three former Imperial Group executives, who offered £7.8m on Friday, having irrevocable undertakings covering 32.4 per cent of the voting equity. Both of this week's bids were increased from last week.

The third bidder, a consortium formed by former Asda stores chief Mr John Fletcher, won the Cullen's board's recommendation last Friday with an initial £7.39m offer. It holds only 10 per cent of the voting shares, 20 per cent of the non-voting, and has no irrevocable acceptances.

Cullen's board, headed by Mr Peter Cullen, yesterday withdrew its recommendation from the Fletcher offer and said it was considering the competing bids. It offered no recommendation to shareholders on their immediate acceptance.

The stores group's shares

continued to anticipate further increases in bid terms.

The voting shares gained 10p to 48p against the 46p cash alternative offered by Mr Cartier and Mr Cuddean.

In the meantime, the City is looking for about 55m pre-tax

from ICL in the final three months of this 15-month trading period.

have increased by 5.6m and pre-tax profits by 17.7m.

Group pre-tax profits for the 1983-84 year improved by £20.8m to £26.7m. The final dividend was 3.8p.

See Lex

Courtaulds up £7m despite static volume sales in UK

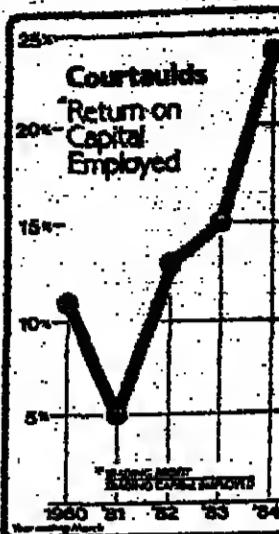
Courtaulds pushed taxable profits up by 6.6m to £34.3m over the six months to end-September 1984 on turnover up by £1.04bn compared with £973.4m.

The company says that in comparison with the interim period last year there was little change overall in the volume of sales from the group's businesses in the UK, although fibre exports to markets outside Western Europe were lower.

Increased prices in both home

and export markets were generally sufficient to maintain or improve margins, except in some of the company's UK fibre businesses where a reduction in profits reflected some decline in the strength of demand. Additional costs, the directors say, were also incurred as a result of seasonal industrial disputes.

Operating profits from UK operations fell from £23.8m to



£21.8m (£21.3m), a net balance of £2.6m (£2.4m). Minorities amounted to 5.6m (£5.3m restated).

A breakdown of Courtaulds' operating profits by division shows (in £m): Fibre £27.6 (£30.8); Fabric £7.5 (£8.8); Clothing £7.1 (£8.8); International Paint £11.2 (£11.3); Plastics £5.8 (£5.8); National Plastics £1.8 (£1.3); Miscellaneous loss £2.2 (£1.4).

Overseas, Courtaulds says a rise in sales was attributable to improvements in both volume and price, as well as to an increase of £21m due to exchange rate movements.

The improvement in overseas operating profits from £25.5m to £27.6m, a £1.6m reduction due to exchange rate movements, principally arose from better trading conditions in North America.

Shareholders will receive a higher interim dividend of 1.4p against 1.2p. Earnings per share are 1.8p, up 8.9% compared with 1.68p, adjusted for the issue of Courtaulds' shares for International Paint shares.

In the 1983-84 year Courtaulds achieved taxable profits of £17.8m (£16.3m) on turnover of £2.04bn (£1.91bn).

International Paint, in which the minority holding earlier this year was 5.6m, achieved taxable profits of £12.6m (£11.8m) in the first half year on turnover of £103.3m (£179.3m).

See Lex

Parkland growth limited

Setting up two new factories for its clothing division has cost Parkland Textile (Holdings) some profit in the half year ended August 31 1984. But the directors are convinced the investment will prove worthwhile over the longer term, and view the second half with cautious optimism.

This group of worsted combers, spinners and clothing manufacturers expanded its turnover by £4.86m to £24.79m at midway, but could not project

profits of £1.61m.

BOARD MEETINGS

TODAY
Interiors—BPS Industries, Brick Lane, Dudley, Castle, and Warwickshire, Carlisle, Capesthorne, Eves of London, Hampton Trust, Henderson, Ashton, Ashton, Bowes, Wetherby, M & S Second Dual Trade, M & S Investment Trust, Mountview Estates, Rawick, Steinberg, Warwick, Woodhead (Jones), Pinels—Dawson's, Brewery.

FUTURE DATES
Interiors—British and American Film, Dec 5, Grunwine, Dec 6, M & G Group, Dec 12, Country Gentlemen's Assoc, Nov 29, Unilever Gold Mining, Dec 11, Morris, Dec 11, Sonner Cjark Metal Industries, Dec 12.

DIVIDENDS ANNOUNCED

	Date	Corre.	of	Total
		payment	spending for	last
Allied-Lyons	int	2.6	March 1	6.81
Beecham	int	5.1	Feb 1	4.8
John Carr	int	1	Jan 15	0.85*
Century Oils	int	1.47	Jan 25	1.35
Courtaulds	int	1.47	Jan 9	1.2
Investments Co	int	0.44	Dec 14	0.35*
Parkland Textiles	int	1.6	Jan 11	1.6
Roths	int	2.2		6

Dividends shown per share net except where otherwise stated. *On capital increased by rights and/or acquisition issued. †On capital unquoted stock.

KWIK SAVE

We expect to maintain rate of expansion

Kwik Save increased its number of stores last year to 385. In addition, five Freezer Centres were opened, and at least 15 should be trading by next August.



Highlights of the year are:

- Turnover up 15% to £641m
- Profit before tax up 16% to £31.8m
- Total dividend up from 3.5p to 4.1p per share
- Earnings per share up from 9.38p to 11.66p
- "Rate of expansion is expected to be maintained and we anticipate trading in over 420 stores by August 1985."

KWIK SAVE

Copies of the Report and Accounts will shortly be available from the Company Secretary, Kwik Save Discount Group PLC, Warren Drive, Prestatyn, Clwyd LL19 7HU.

UK COMPANY NEWS

Second half setback cuts John Carr's growth rate

TWO FACTORS have led to a setback in the second half of a joinery manufacturer John Carr (Dover), and restricted the growth in profit for the year. Sales rose 50.1% to £770,000. Before tax it was up from £7.05m to £7.82m and the dividend is raised from the equivalent of 1.24p to 1.45p net, with a final of 1p.

For the first half, profit had risen by 5.1% to 14.2m, mainly due to a substantial increase in investment income. The directors warned of difficulties in maintaining margins in the second half because of a slowdown in the market growth and lower exchange rates. The latter caused increased costs. The directors say, and on top of that, the industrial action taken at the Doncaster site.

On to the current year the directors say the first half profit is unlikely to reach the level of 1983/84 because of the reorganisation of the production facilities, the phasing out of old products and the introductory costs of

their replacements. But they are looking to the successful launch of these new products to provide further growth from the second half.

Turnover in the past year came to £47.22m (£41.47m). Tax takes £3.26m (£2.98m) to leave the net profit at £4.55m (£4.06m), equal to 6.66p (5.94p) per share. Net assets at the year end were £2.72p (£2.35p).

• comment

The market was well aware of the difficulties at John Carr's to the disappointing second half performance. £3.26m pre-tax against 4.55m — came as no surprise. The company had warned at the interim stage of the rising cost of timber imports and did not disguise the impact of the winter strike. It has now cost an estimated £400,000 at the pre-tax level. The strike has in fact accelerated the reorganisation of several important product ranges which is still going on and will effect profits

in the first half of the current year. Carr is introducing a new range of wooden windows and aluminium windows for the first time. His ability to cope with these changes cannot be in doubt, given the company's long-standing reputation for effective management and the way it has successfully integrated its latest acquisition, Sharp Brunt and Knight, into the group. However, the costs of the upheaval mean that this year's profits are likely to mark time. Assuming profits of £8m pre-tax and a 33 cent tax rate, the shares, up 1p to 63p, change hands on a p/e of over 9. They are fully-valued.

Credit Gold

A compulsory winding up order made against Credit Gold and Securities on November 13, was rescinded in the High Court on November 16 and the petition was dismissed by consent.

COURTAULDS PLC

Interim Results

Unaudited results for the half year to 30 September 1984 are:

1983/84		1984/85	
1st Half	2nd Half	1st Half	£m
973.4	1,064.7	Turnover to External Customers	1,038.2
438.1 479.1 Turnover to UK Customers 441.7			
202.5	230.0	Exports from UK (including inter-group)	216.5
362.1	386.6	Turnover Overseas	412.2
28.8	43.9	Operating Profit — UK	26.3
25.3	29.5	— Overseas	32.3
54.1	73.4	— Total	58.6
1.1	1.0	Share of Profits of Related Companies	1.9
(7.5)	(4.3)	Interest Payable net of Investment Income	(6.2)
47.7	70.1	Profit on Ordinary Activities before Taxation	54.3
(2.0)	(5.2)	Taxation — UK (including ACT £2.3m)	(2.4)
(8.3)	(12.9)	— Overseas	(9.9)
(10.3)	(18.1)		(12.3)
37.4	52.0	Profit on Ordinary Activities after Taxation	42.0
* (5.3)	(6.5)	Minority Interests	(4.0)
* 32.1	45.5	Courtaulds Shareholders' Interest	38.0
(0.1)	—	Preference Dividends	(0.1)
* 32.0	45.5	Courtaulds Ordinary Shareholders' Interest	37.9
* 9.26p	12.00p	Earnings per Ordinary Share before Extraordinary Items	9.99p

** Restated to reflect the issue of Courtaulds shares for International Print shares*

The breakdown of the Operating Profit between Product Groups is as follows:

30.8	38.1	Fibres	27.6
5.8	7.2	Fabrics	7.5
3.8	12.3	Clothing	7.1
11.2	8.4	International Paint	12.5
5.8	6.5	BCL	5.3
1.3	1.6	National Plastics	1.8
(4.6)	(0.7)	Miscellaneous	(3.2)
54.1	73.4		58.6

UK Trading
By comparison with the first six months of 1983/84, there was little change overall in the volume of sales from the Group's businesses in the UK, although fibre exports to markets outside Western Europe were lower.

Increased prices in both home and export markets were generally sufficient to maintain or improve margins, except in some of the UK fibre businesses where a reduction in profits reflected some decline in the strength of demand. Additional costs have also been incurred as a result of national industrial disputes.

Overseas Trading
The rise in sales by the Group's businesses overseas was attributable to improvements in both volume and price, as well as to an increase of £21m due to exchange rate movements.

The improvement in overseas profits, after a £1.8m reduction due to exchange rate movements, principally arose from better trading conditions in North America.

Dividend
The Board has declared an interim dividend in respect of the 1984/85 year of 1.40p net per Ordinary Share (1983 1.20p) — gross equivalent 2.00p (1983 1.71p) — to be paid on 9th January 1985 to shareholders on the register on 27th November 1984. The cost of the interim dividend after deducting ACT is £5.3m.

Rothmans tobacco volumes decline

HIGH DUTY increases continue to have an unsettling effect on the tobacco industry throughout the world says Sir David Holden-Brown, chairman of Rothmans International, in his interim statement.

While the group made satisfactory progress in the six months ending September 1984, overall, sales were slightly below the comparable period. Despite this, Sir David says that profitability of Rothmans' tobacco business was improved.

Group taxable profits for the interim period advanced from £7.9m to £8.1m, turnover up 33.1% to £778.1m.

Profits from Rothmans' luxury consumer products interests advanced from £4.7m to £5.3m, including associate companies, at the operating level. This advance, the company says, was due to progress by Flusberg and an improved performance by Cartier Monde.

Carling O'Keefe, the group's Canadian brewing company, suffered reduced volumes due to "intense competition" in the industry. Operating profits and attributable profits were lower than for the comparable period last year.

The interim dividend has been stepped up by 10 per cent to 2.6p per share. Last year's total payout was 6p with taxable profits at £15.23m.

Group taxable profits were struck after net interest charges of £4.8m (£4.5m), and interest on convertible bonds of £3.0m (£1.6m).

No charge was made against group profits for the proposed redundancy plan announced in July by Rothmans' subsidiary in Germany, Martin Brinkmann. The cost of the redundancies, which will take place over an 18 month period, has been estimated to be in the region of DM 50m (£11m) and will be dealt with at the year end.

Tax for the six months took £2.7m (£2.73m), after which fully-diluted earnings per 12p share are shown as 11.5p (10.7p).

Since last March, Rothmans has received notices of conversions from holders of 2.25m nominal of convertible senior subordinated sterling/deutsche mark bonds exercising the right to convert into "B" ordinary shares.

The shares arising from the conversions, and any subsequent conversions before January 3, 1985, will rank for the interim dividend.

Sir David Nicolson will be retiring on December 31, 1984, in order to devote more time to his other business and public interests. He will be succeeded by Sir Robert Crichton-Brown, who has been a director since 1981 and is chairman of Rothmans of Pall Mall (Australia).

IN BRIEF

Sharply improved profits of £37.000 against £17.000 before tax have been produced by Sekers International for the six months to the end of September 1984, and Mr G. D. J. Hay, chairman, says that current levels of activity and the present order book are strong and the directors remain confident about the outcome for the full year.

The net interim dividend of

£1.30m, from £0.6p to 6p.

In the last full year a total of 1.25p was paid from pre-tax profits of £45.000 (£130.000).

First-half earnings per share were shown as rising from 1.64p to 3.6p.

Despite a higher turnover of £1.31m, against £1.34m, clothing manufacturer Sunrite Clothes made an increased pre-tax loss of £17.000 in the six months to September 29, 1984, against £9.000 last time. Loss per 20p share rose from 3.76p to 6.92p.

The board has resolved to postpone its policy of acquisitions in order to concentrate on returning the manufacturing business to profitability in the near future. The proposed acquisition of a Spanish textile firm, announced in June, will not proceed and Mr Dennis Weatherhead, the production director, has resigned.

The board is implementing a stringent programme of measures with a view to improving margins during the second half.

Pre-tax profits of Steagam Oilsellers, a subsidiary of the Steagam Co., jumped from £3.5m to £13.9m in the six months to July 31, 1984, on turnover of £100.3m, against £92.96m. The result benefited from an acceleration of shipments to overseas markets.

Net interest payable increased from £5.8m to £6.9m. Exchange losses rose sharply from £0.34m to £2.65m and net profit fell accordingly to £9.30m (£0.29m).

Earnings per share were 2.73p, against 1.12p before a £1.37m extraordinary charge.

Murray Technology Investments is estimating a reduction in earnings from 0.83p to 0.2p for the year to March 31, 1985, and warns of a cut in the dividend — last year it paid 0.6p.

For the six months ended September 30, 1984, net revenue fell to £74.000 (£50.000), after tax £6.000 (£12.000), and including dividend and interest received £1.76.000 (£264.000).

At September 30, the net asset value had reached 131.16p per share, against 138.1p at March 31 and 125.7p six months before that.

A further £107.700 was invested in existing UK unlisted holdings and a further £105.000 was put into U.S. unlisted holdings.

Also three new investments totalling £339.000 were completed.

Pressure on Allied-Lyons margins

INCREASES in all three divisions have lifted taxable profits of Allied-Lyons, the British, Irish and European manufacturing group from £90.5m to £102.8m for the 26 weeks ended September 15 1984.

Competition for volume remains acute with a consequent pressure on margins, the directors say. Cost reductions will continue, while the group's performance in the second half will depend on consumer spending power and the Christmas trade. They anticipate, however, a satisfactory outcome for the year as a whole.

The share price fell 5p yesterday.

The pre-tax figure for the 1983/84 period amounted to £194.9m, compared with £159.6m previously.

A provisional analysis of interim pre-tax profits shows: beer £54.4m (£47.7m); wines, spirits and soft drinks £27.2m (£26.5m); and food £25.1m (£22.8m). Central costs took £5.9m (£6.3m).

The changes in average dividend in the six months to September 15, 1984, were as follows:

Food, 1.25p; Other, 1.25p.

The above average summer weather and evidence in some regions of lack of spending power as a result of the winter strike.

They add that the beer market was little changed from a year ago, and market share was maintained.

The successful launch of Castle

maine XXXX encourages progressive moves towards national distribution. Steady progress will be continued, despite while large increases in raw material prices, principally tea and coffee, had an adverse effect. Profits for overseas companies, however, benefited from translation at more favourable exchange rates.

The interim dividend is lifted to 2.6p (2.42p) — last year's final payment was 4.59p.

Turnover for the 26 weeks ended September 15, 1984, expanded from £1.45bn to £1.53bn and after depreciation up from £10.7m to £35.2m, trading profits emerged £8.2m higher at £105m.

The pre-tax figure included profits on the disposal of properties and investments, doubled at £10.9m (£5.2m), investment income £0.5m (£0.8m). Related companies share £12.6m (£11m) but were after finance charges £5.3m higher.

Tax took £31.3m, minorities £2.8m (£2.7m), and earnings per 25p share rose slightly from 8.7p to 8.8p.

The directors explain that the increase in finance charges was due partly to higher interest rates, also to increased working capital requirements, and the

adverse net effect of exchange rates on foreign currency borrowings.

They say that this year should see the peak effective rate of tax in the transitional period for the changes in UK corporation tax introduced in the 1984 Finance Act.

See Lex

CML improves midway and sees progress

CML Microsystems has produced increased pre-tax profits of £70,000 against £39,000 for the half year to the end of September, 1984. The directors feel confident that a year of "satisfactory progress" will be achieved.

Turnover of this manufacturer of specialised monolithic and hybrid integrated circuits for telecommunications, radio and data communications industries increased from £1.85m to £1.13m.

As indicated in the prospectus, when CML joined the USM last February, the directors expect to recommend a dividend for the full year to the end of March 1985 and do not recommend payment of an interim. First half earnings per 10p share were shown as 4.5p (3p on old capital prior to joining the USM).

Increased sales and operating profits were again achieved by both UK and U.S. operation companies. The programme to expand production and R & D facilities is proceeding as planned and evidence grows to support the directors' optimism on prospects for the company's latest products and new circuits in development.

Tax for the six months amounted to £283,000 (£145,000).

Another 89 companies wound up

COMPULSORY winding up orders against 89 companies were made in the High Court. They were:

Creations Ryander, Equalcraft, Eland Games, Caldicot, Car Services, Clark & Co. (Estate and Business Agents), Marrow, G. J. Couch Electrics, George Goff (Motor Engineering Services), Kerrchoice, Montague & Taylor, Pollard Motor Engineers, S. C. Hopton, A. E. Printing, Dixon Howard Hotels and Kinchela.

Felicita Travel, Souwex Investments, Bayware Engineering, Scovrider Barwick, J. Galloping (Contractors), The Mind's Eye, Rell Dewey Automatic Development Manufacturing Co., and Picton Developments.

Pictomedes, Bingo Club, Carrer Homes, Michael Willis, Afford Rent-A-Car, A.S.A.P., Omnia Displays, Flaxtree, and Invicta Process Systems Inter-

national.

UK COMPANY NEWS

ASH extends alarm lead with Security Centres UK division

BY CHARLES BACHELOR

Automated Security Holdings (ASH), Britain's largest security alarm group, is paying up to £8.5m for the UK alarms business of Security Centres Holdings, another leading company in this field.

Security Centres plans to spend £1m of this to acquire Defence Systems International, a private security consultancy set up earlier this year with Defence Systems International and a Jordanian partner.

Defence Systems International is expected to double profits in the year to 31 March 1985 after making a £10.6m pre-tax loss last year on turnover of £550,000.

Defence and Security International, the joint venture company, recently won two contracts worth a total of £350,000-400,000 to supply security systems and train staff at two large installations under construction in Jordan and the United Arab Emirates.

Security Centres yesterday reported pre-tax profits of £2.7m on turnover of £44.4m in the six months ended September 30, 1984, compared with £1.76m profit on sales of £38.5m in the comparable period.

Earnings per share rose only 16.9p as a result of issues. It will increase its interim dividend to 16p from 12.5p to achieve substantial cost savings.

Security Centres said its UK alarms business had been achieving static profit levels. To expand its network to the minimum number of 50,000 rental contracts considered viable would have cost £15-20m. If it could have found suitable acquisitions Mr Brian O'Conor, the chairman, said:

"In the U.S., Security Centres' SCUSA affiliate, in which it holds nearly 33 per cent, obtains 85 per cent of its \$50m worth of revenues from long-term rental contracts. In Ireland the percentage of stable long-term revenue is 50 per cent compared with only 25-30 per cent in the U.K."

Security Centres is therefore decided to pull out of this business in the UK to concentrate on its operations in Ireland where it expects to make a 25 per cent

return in the year ending March 1985 on its recent £1.37m investment in three alarm companies and in the U.S.

It has also recently established a subsidiary in Sweden to develop the Scandinavian market and hopes to open up the Middle East market through Defence and Security International, a joint venture company set up earlier this year with Defence Systems International and a

Jordanian partner.

Defence Systems International is expected to double profits in the year to 31 March 1985 after making a £10.6m pre-tax loss last year on turnover of £550,000.

Defence and Security International, the joint venture company, recently won two contracts worth a total of £350,000-400,000 to supply security systems and train staff at two large installations under construction in Jordan and the United Arab Emirates.

Security Centres yesterday reported pre-tax profits of £2.7m on turnover of £44.4m in the six months ended September 30, 1984, compared with £1.76m profit on sales of £38.5m in the comparable period.

Earnings per share rose only 16.9p as a result of issues. It will increase its interim dividend to 16p from 12.5p to achieve substantial cost savings.

Security Centres said its UK alarms business had been achieving static profit levels. To expand its network to the minimum number of 50,000 rental contracts considered viable would have cost £15-20m. If it could have found suitable acquisitions Mr Brian O'Conor, the chairman, said:

"In the U.S., Security Centres' SCUSA affiliate, in which it holds nearly 33 per cent, obtains 85 per cent of its \$50m worth of revenues from long-term rental contracts. In Ireland the percentage of stable long-term revenue is 50 per cent compared with only 25-30 per cent in the U.K."

Samuelson Group expands

Contracts have been completed for the Samuelson Group to acquire the equipment rental assets of Theatre Projects used in theatre and live presentation activities for almost £1.62m cash. The deal will be affected through Sealworth, a new subsidiary of Samuelson.

In addition, Sealworth has assumed hire purchase and leasing commitments of £254,000 attaching to the equipment rental assets. Theatre Projects has subscribed £300,000 for 25 per cent of the equity of Sealworth, and the latter will

change its name to Theatre Projects Services.

Samuelson has agreed to invest £250,000 cash in TPL by way of redeemable preference shares and a secured debenture. Samuelson has been granted an option, exercisable at any time after three years, to acquire TPL's 40 per cent interest.

The chairman of the new company is Mr Peter Felton, a senior partner of Duncan Fraser, Mr Taylor pointed out that most of the equipment firm's well-established comprehensive financial services, whereas as the partnership had in the past had to divert elsewhere individuals who approached the partners with personal pension problems.

The latest Currys' letter to shareholders went out on the

day when its share price moved

ahead of the value of the Dixons' offer. Currys' rose 3p yesterday to 52.5p, just over 2p more than the value of the Dixons' offer. In the wake of the 3p rise in Dixons' shares price to 41p,

Dixons' is reported to have its own shares and 750p cash for every three Currys' shares.

Currys' yesterday rushed out

early results from four new stores which have opened in recent weeks. A new superstore opened in Birmingham increased sales in the centre of the city by 70 per cent over last year's level in the first five weeks.

Currys' also pointed to a ten-fold increase in sales in the first week of operation of a new store in Newcastle upon Tyne and a 90 per cent rise in the first three weeks after the conversion to a new format of its store in Oxford.

The interim dividend of 6.8p

covers a period before Mr Kirch took over Channel and profits expected for the eight months ending December 31 1984 should allow an improved dividend next year, he said.

Mr Edwards is, as one industry analyst described him yesterday, "one of the most experienced and long lasting hoteliers in the UK industry."

Having helped set up Grand Metropolitan, where he was general manager and a director, with Mr Maxwell Joseph, the Comfort chairman built up Centre Hotels before selling out to Coral Leisure, later acquired by Bass, in 1977.

The proceeds were used to buy the Garcia brothers' Adas International chain which became Comfort in October 1978. A couple of months later, the Kaye brothers, Reginald and Philip, sold their City Hotels operation to Comfort and with it the Strikes restaurant and Davy's ice cream subsidiary. Since then, it has now been floated on the Bourse and then acquired by Garfunkels, although Comfort retains the trading name.

Comfort's "marketing is so silent as to appear invisible" as one stockbroker said yesterday, but without some admiration, but its ability to fill bedrooms (1,700 in London, 1,000 in the rest of the UK and just under 1,000 in Europe) is expected to fit profits up to £1.5m this year and £1m in 1985.

Mr Goodman is as ebullient as Mr Edwards is withdrawn, but the track record is as good if not better. In an increasingly crowded market place, Intasun has pushed profits up from £2.9m to £1.5m between 1979-80 and 1983-84. It has benefited from both the Court and Lister Airways chains of rooms fast, while others hesitated to pick up unexpired hotel contracts and



Mr Harry Goodman, chairman of Intasun Leisure

shown fleetness of foot in first developing the Florida market and then quitting before the dollar's strength and much publicised riots deterred Britain's holidaying public.

Intasun will probably spend £100m this year with hoteliers through Spain, the Balearics, Greece and Britain's other favoured tourist spots. That means that it will be negotiating 100 of the track's 400 hotels "in nights" in 400 hotels.

Whether that necessarily translates into success in selling bedrooms is another matter. Mr Goodman is determined that, without changing the overall status of Comfort's two and three-star hotels, he can upgrade and expand them more effectively and use his contacts abroad to help fill the rooms.

MINING NEWS

Texaco seeks buyer for Escondida stake

BY KENNETH MARSTON, MINING EDITOR

Texaco is attempting to sell its half-share in the La Escondida copper property which is thought to be one of the world's biggest known, unexploited copper deposits with an ore reserve of 1.7bn tonnes.

Meanwhile, studies are continuing into the possibility of taking the Escondida deposit in production on an open-pit basis near surface ore, which grade is currently not much of a rush of buyers for copper deposits. It is understood that the other partner in the venture, Australia's Broken Hill Proprietary, has declined Texaco's offer which would have made it the sole owner of the property in Chile.

Texaco inherited the half-share when it acquired Getty for \$10.2bn (£8.5bn) earlier this year. Similarly, BHP acquired its stake through its \$2.4bn purchase of the U.S. International subsidiary of General Electric of the U.S.

The Getty takeover has made a debt burden for Texaco, which

is also having to write down its assets by \$783m because of the fall in oil prices. Texaco has said that it is making sales of about \$1.6bn of Getty's assets to reduce debt.

The intention is that the studies will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

Texaco's studies indicate that the project will be economically viable. But what will be known, however, is the likely high capital cost and whether a new partner can be found for BHP in this major venture which would probably require about five years to reach the production stage.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, November 27

Continued on Page 27

Continued on Page 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

Sie erhalten die Financial Times im Abonnement durch Boten zugestellt.

Frankfur

News early in
von Financial Times. Euro
61000 Frankfurt, Tel. 0611

von Financial Times Europe Ltd., Guilletstr. 54,
60100 Frankfurt, Tel. 069-75 98-11, Telex 416 193

WORLD STOCK MARKETS

NOTES.—Prices on this page are as quoted on the individual exchanges and are last traded prices. % Dealing suspended. ad Ex dividend. ~~ad~~ Ex scrip issue. ~~ad~~ Ex rights. ~~ad~~ Ex all.

CANADA																	
Sales Stock		High	Low	Close	Chng	Sales Stock		High	Low	Close	Chng	Sales Stock		High	Low	Close	Chng
TORONTO		Prices at 2.30pm November 27															
41 Abit Prog		\$294	294	294	+ 14	1354 Crown		\$104	104	104	+ 14	2700 Lom Gem		\$94	9	94	+ 14
200 Academe		\$164	164	164	- 14	8700 Czar Res		166	161	161	- 14	50900 Lucas		\$111	111	111	- 14
7456 Agence E		\$134	134	134	- 14	11817 Dan Dev		152	151	151	+ 14	312 LL LeC		\$334	334	334	- 14
400 Agra Ind A		\$54	54	54	+ 14	2590 Danson A		\$154	154	154	+ 14	900 Loblow Co		\$194	194	194	- 14
17115 Ait Energy		\$274	274	274	- 14	6190 Danson B I		\$104	104	104	+ 14	1160 MCC		\$135	135	135	+ 35
38200 Algoma St		\$114	114	114	- 14	1880 Devcon		\$54	54	54	- 14	2100 McLean H X		\$233	223	223	- 14
14975 Asbestos		\$154	154	154	- 14	6900 Dickens A		\$54	54	54	- 14	400 McGraw H		\$204	204	204	- 14
3003 Atco I I		\$74	74	74	+ 14	14500 Dickens B		\$54	54	54	- 14	450 Metland E		\$450	450	450	- 14
5295 SP Canada		\$264	264	264	- 14	220 Domen A		200	200	200	- 14	2000 Molson A I		\$164	164	164	- 14
7017 Bank N S		\$134	134	134	- 3	11522 Dofasco A		\$244	244	244	- 14	1300 Murphy		\$214	214	214	- 14
12348 Barrick o		183	183	183	- 3	10370 Du Pont A		\$164	164	164	- 14	4300 Nabisco L		\$234	234	234	- 14
1 Banff A I		\$144	144	144	+ 14	300 Electrom X		\$314	314	315	+ 15	4805 Noranda		\$194	194	195	- 14
6934 Bonanza R		\$43	43	43	+ 14	5800 Sur		\$84	84	84	- 14	303 Norcen		\$154	154	154	- 14
26300 Brakeme		\$54	54	54	- 14	13000 PCA Int'l		\$164	164	164	+ 14	8124 Thom N A		\$474	474	474	- 14
5303 BRCF		\$174	174	174	+ 14	138 Doman B		\$20	20	20	- 14	8124 Tor Dim Bk		\$174	174	174	- 14
6655 BC Res		255	252	252	- 14	17208 Fibrecon		264	264	265	- 14	2000 Torstar B I		\$184	184	184	- 14
5745 BC Phone		\$214	214	214	+ 14	2101 Fed Ind A		\$164	164	164	+ 14	5335 Traders A I		\$184	184	184	- 14
23001 Brunswick		\$144	144	144	- 14	800 Fed Plan		\$154	154	154	- 14	600 Tms Mt		\$74	74	74	- 14
3700 Budd Con		\$144	144	144	- 14	600 Fraser		\$174	174	174	+ 14	1000 Van Alz A		\$67	67	70	- 14
2550 C&E		\$154	154	154	+ 14	818 Dif		\$18	18	18	- 14	28335 TrAlta USA		\$204	204	204	- 14
1500 C&E Data B I		\$64	64	64	+ 14	20000 Novaco W		\$204	204	204	- 14	6850 TrCan PL		\$20	19	19	- 14
70 Cad Frv		\$154	154	154	- 14	20000 Nutra Sp A		\$47	47	47	- 14	14215 Trinac		\$45	45	45	- 14
2800 C G Nor West		\$304	294	294	+ 14	20000 Orlawood		\$54	54	54	- 14	415 Tizoc A I		\$24	24	24	- 14
1204 C Packa		\$264	264	264	+ 14	3600 Ottawa A I		\$234	234	234	- 14	34500 Unicorp A I		\$74	74	74	- 14
1303 Can Trust		\$264	264	264	+ 14	219 Geac Comp		\$114	114	114	- 14	3596 Unicorp A I		\$74	74	74	- 14
103 C Tung		\$144	144	144	- 14	1400 Gebrat		\$84	84	84	- 14	3600 PanCan P		\$274	274	274	- 14
7762 CI Blk Com		\$144	144	144	- 14	9150 Goldcorp 1		\$54	54	54	- 14	25 Union Gas		\$114	114	114	- 14
62550 Cdn Nat Res		\$23	23	23	- 14	1600 Granduc		\$68	68	68	- 14	16084 U Keno		\$114	114	114	- 14
14105 CTI Blk A I		\$144	144	144	- 14	41 Granduc		\$41	41	41	- 14	200 Verdi A I		\$54	54	54	- 14
1200 Cenovis		\$84	84	84	+ 14	50 Greyhawk		\$224	224	224	- 14	24200 Westron o		\$64	64	64	- 14
2205 C Distr B I		\$64	64	64	+ 14	1 H Group A		\$214	214	214	- 14	15000 Woodland A		\$114	114	114	- 14
1000 Citi Blk Bank		\$24	24	24	- 14	50000 Rd Stants A		\$214	214	214	- 14	581 Total sales: 5,943,866 shares					
MONTRÉAL																	
Closing prices November 26																	

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 27											
12 Month		P/S		100s		High		Low		Close	
High	Low	Stock	Div	Yld	E	100s	High	Low	Close	Prev.	Chg/
45	34	StgCo	.50	11.7	4	444	444	444	444	+ 4	
35	19	Superior	.14	3	34	15	15	15	15	+ 4	
15	10	SeCo	.16	13.1	11	138	122	122	122	+ 4	
25	24	SeCoPro	.23	23	24	24	24	24	24	+ 4	
25	24	SeCoOff	.65	14	15	15	15	15	15	+ 4	
45	34	SeCoS	9	13	14	45	45	45	45	+ 4	
75	35	Semich	44	36.8	8	55	55	55	55	+ 4	
145	75	Servo	20	94	6	94	94	94	94	+ 4	
165	75	Seton	.5	12	7	12	12	12	12	+ 4	
145	65	ShemS	.60	4.7	16	13	13	13	13	+ 4	
25	15	Sharon	13	75	15	15	15	15	15	+ 4	
10	55	ShopM	.16	13.1	6	124	124	124	124	+ 4	
15	10	Search	.40	39.0	1	103	103	103	103	+ 4	
55	55	Sitco	20	31.23	1	55	55	55	55	+ 4	
135	55	SkateA	.8	22.0	0	34	34	34	34	+ 4	
95	45	SkateCo	15	45	45	45	45	45	45	+ 4	
105	55	SmithA	48	35.6	6	38	38	38	38	+ 4	
165	95	SmithCo	.48	37.5	13	134	134	134	134	+ 4	
55	55	Snyder	2	15	11	40	40	40	40	+ 4	
165	55	Sokrion	11	85	T	85	85	85	85	+ 4	
55	55	SoTec	3	1	1	55	55	55	55	+ 4	
55	55	SCED	.51	02	12	10	55	55	55	+ 4	
55	55	SCED	.51	05	12	1	55	55	55	+ 4	
55	55	SCED	.51	08	12	2	55	55	55	+ 4	
55	55	SCED	.51	10	12	7	55	55	55	+ 4	
55	55	SCED	.51	13	12	2500	411	411	411	+ 4	
125	55	SCED	.51	14	12	695	112	112	112	+ 4	
125	55	SCED	.51	20	12	27	194	194	194	+ 4	
55	55	SCED	.51	21	12	89	184	184	184	+ 4	
55	55	Sparks	p	1	13	8	70	70	70	-1	
105	55	Spectro	14	5	12	4	250	250	250	-1	
15	105	Spencer	.24	19	21	19	125	125	125	-1	
45	25	StgD	p	1	518	35	34	34	34	+ 4	
105	45	StgH	.08	15.41	1	55	55	55	55	+ 4	
25	55	StgPrd	.80	42.5	2	195	184	184	184	+ 4	
25	55	Stewards	2.73	43.9	2	652	652	652	652	+ 4	

Continued on Page 34

Financial Times Wednesday November 28 1984
INDUSTRY & BUSINESS LEISURE

INDUSTRIALS—Continued

LEISURE—Continu

PROPERTY—Co.

INVESTMENT TRUSTS—Cont.

194	Low	Stock	Price	+ or -	Dw	Ytd	PE
100	Equity Capital E	226	10.3%	14	6.5		
130	Do. Div. 50p	384	+2	12.2%	29	4.6	
143	European Assets DFL	384	+2	30.0%	12	2.7	
70	F & C Alliance Inv.	84		1.5%	12	2.5	
90	F & C Europe	129	+1	1.5%	10	3.9	
116	F & C Pacific Inv. T	129	+1	1.5%	10	3.9	
162	Family Inv. 7s	180	+2	9.5%	10	3.2	
270	Fashion & Gen.	3100		9.5%	10	4.3	
9	First Charlotte Assets	104		0.0%	17	0.7	
195	First Sec. Am.	221	+2	2.5%	10	3.7	
170	FUGIT RD.25	180		10.0%	14	4.0	
36	Fudgering Japan Ic	40	+1	10.0%	14	4.0	
15	Do. Warants	18					
344	Fleming American	436	+2	4.2%	13	1.4	
99	Do 7s Celent 1990	1130		0.7%	17	1.0	16.4
185	Fleming Computer 50p	218		7.5%	10	4.8	
180	Fleming Enterprise	218		7.5%	10	4.8	
228	Fleming Far Eastern	226	+2	2.0%	13	1.0	
83	Fleming Fidelity	95	+2	2.0%	10	3.4	
392	Fleming Japanese	517	+5	3.0%	6	0.8	
90	Fleming Mercantile	107	+2	2.0%	11	3.7	
92	Fleming Merchant 7s	103	+1	2.0%	10	3.2	
117	Fleming Tech Inv.	144	+1	2.5%	10	2.2	
216	Fleming Universal	267		6.7%	10	1.6	
110	Foreign & Co.	125	+2	2.0%	10	2.9	
311	Falconet Inv.	646		3.2%	10	12.5	
74	Do. Cap. 21s	42					
37	Familiare Inv.	390					
182	Do. Cap. 50p	269	+3	2.0%	10	2.9	
75	Do. Global Sec 11	997		2.0%	10	2.9	
181	Do. Japan 10s	162	+3	1.5%	12	2.7	
47	Do. Portuguese American	303		1.5%	12	2.7	
6	Do. Warants	51	+1	0.5%	11	3.1	
104	Do. Corporation	229	+1	0.5%	11	3.2	
422	Do. Gen. Funds	535		0.5%	11	2.4	
430	Do. Com. 10s	345					
70	Do. Srhds. 12s	155					
16	Do. Warrants	22					
189	Glasgow Inv. 50p	102	+1	10.0%	11	2.5	
177	Globe Inv.	243		9.0%	11	3.4	
176	Greenfinch Inv.	209	+1	11.0%	12	1.0	
170	Gresham House	228		4.0%	13	2.6	
182	Group Inv. Investors	248	+1	3.7%	13	2.1	
114	Hambros	153	+3	7.3%	11	3.9	
16	Do. Warrants	22					
197	Hill Philp	226	+1	10.0%	11	3.2	
213	Holmeson Inv.	240	+3	0.5%	17	0.3	
390	Holm in. Success.	208		5.3%	11	1.6	
184	Investors Capital	208	+1	9.3%	10	2.3	
43	Island Assets 10s	61		0.0%	25	8.1	
213	Jersey Gen. 11	2384		10.2%	13	5.8	
85	Jos Holdings	155		3.0%	0.7	4.7	
51	Jone Inv. Inc. 10s	60	+1	14.5%	10	10.7	
84	Do. Cap. 2s	185	+1	1.0%	10	1.0	
276	Keystone Inv. 50p	337		10.0%	11	4.2	
215	Lake View Inv.	200		7.4%	10	2.2	
96	Lancs. & London Inv.	124		2.0%	10	3.3	
130	Law Debenture	155	+3	1.5%	12	4.6	
34	Leida Inv. Inc. 20s	384	+1	15.1%	18	29.0	
66	Do. Cap. 5s	126					
124	Lon. Atlantic	141		15.5%	10	5.6	
220	Lon. G Gart. 50s	267		1.5%	11	8.9	
125	Lon. & Scarsdale	156		4.0%	11	22.2	
73	London 7s	93	+2	2.7%	11	4.3	
176	London Inv.	236	+2	4.5%	11	4.4	
204	Lon. & G Daud Inc. 10p	312	+2	12.0%	10	11.5	
207	Do. Com. 10s	409	+1	12.0%	10	11.5	
110	Do. 2nd Com. Inc. 10p	157		8.5%	18	10.4	
58	Do. Cap. 4p	61	+1				
152	Marine Adv. S. 7s. 11	372					
125	Melthorn Inv.	144		14.0%	18	4.8	
71	Mercians Inv.	85		12.0%	18	4.7	
111	Met Wynd Inv. Tr.	149	+1	2.0%	18	1.9	
205	Metro Inv.	146		2.0%	0.9	2.3	
211	Monsanto Inv. 7s.	259		10.0%	10	5.1	
68	Murray Growth	85	+1	1.4%	0	2.5	
54	Do. 0p	85					
85	Murray Income Tr.	161	+1	4.0%	18	6.6	
80	Do. 0	96					
85	Murray Inst.	121		10.0%	18	5.6	
84	Do. B	108					
125	Murray Small Markets	157	+1	2.2%	11	2.3	
120	Do. 0	154					
224	Murray Ventures	144	+2	4.0%	12	2.2	
525	Negh S.A. SISI	575		0.0%	18	5.3	
78	New Am. Inv. Tr. 50p	165		0.0%	0	0.5	
303	New Court 50p	343		14.2%	0	5.9	
56	New Haven Oil 7s.	70		2.0%	11	0.5	
34	New Throg. Inc.	381	+1	9.2%	12	18.8	
21	Do. Cap.	24	+1				
8	Do. New Writs	10					
260	New Tokyo Inv. 50p	340	+1				
188	1928 Inv.	163	+1	0.5%	18	4.8	
222	Intl. Atlantic Sec.	272	+2	3.2%	11	1.7	
133	Intl. Brit. Canadian	125		5.7%	11	4.9	
108	North Sea Assets 50p	125		9.0%	0	0.4	
210	Wt. America	245		6.0%	0	3.5	
128	Northern Secs.	152		11.7%	11	1.6	
97	North Inv.	129		2.0%	11	2.9	
24	Prud. Assets 7s 12s	38		0.4%	11	1.9	
102	Precious Metals Trd.	121		1.0%	25	0.7	
243	Radiant	294	+3	8.0%	18	4.3	
78	Rigids & Hs. Cap.	1020	+1	10.1%	11	0.3	
32	River & Mercantile	125	+1	14.0%	23	5.1	
123	River Plate Def.	197	+2	6.5%	18	4.7	
133	Robeco B.R. FI 110	1164		12.0%	10	3.7	
125	Robeco B.R. FI 110	165		10.0%	18	3.7	
127	Do. Sub. S. FI 11	151		10.0%	18	3.5	
184	Ronney Trust	229	+1	4.0%	18	2.9	
895	Rowden Inv. FI 110	1164		10.0%	18	3.5	
155	Safeguard Ind.	212		9.6%	11	4.7	
236	St. Andrews Trs.	281	+1	7.0%	11	3.6	
124	St. East. Inv. 50p	207	+2	14.0%	0	9.3	
320	St. East. Cares. 14	305	+3	14.5%	0	5.4	
217	St. East. Inv. 14	146	+1	5.0%	11	3.4	
323	Scot. Inv. Corp.	240		5.0%	11	3.1	
205	Scot. & Wett. A	146	+6	7.7%	0	3.0	
212	Scot. Mort. & Inv.	348	+1	6.5%	18	2.8	
166	Scot. National	205	+2	4.2%	0	3.0	
123	Scot. Northern	115	+1	3.2%	13	4.1	
304	Sci. Alliance 7s	488	+4	12.5%	10	3.7	
95	Securities Trust. S. 7s.	305	+1	3.7%	10	3.0	
165	Shares Inv. 50p	212	+2	11.0%	10	8.0	
51	Smaller Cos Inv Trd.	62d		6.0%	9	3.6	
215	SPLI 7 Inv. 10p	229	+3	17.7%	10	11.1	
61	SPRATT 50s	181	+1	1.0%	11	1.0	
38	Do. Warants	46					
113	Do. Com. Pys. Pys.	120		0.0%	11	2.5	
37	Stewart Inv. Trd 10p	35		0.4%	12	1.6	
145	St. Holders Fat Eas \$1	248		0.1%	0	0.5	
94	Stockholders Inv.	111		2.0%	0	0.0	
155	TR Australia Inv.	945	+1	2.0%	0	0.0	
59	TR City of London 7s.	75	+1	10.0%	10	5.4	
121	TO Ind. & General	142	+2	13.5%	0	9.4	
200	TR Natural Resources	241	+1	7.5%	11	4.4	
190	TR North America	1640	+1	3.0%	10	5.8	
190	TR Pacific Basin	259	+2	12.0%	8	1.1	
199	TR Prod. Inv. Trd.	134	+1	3.1%	11	3.5	
69	TR Technology	85		0.0%	10	1.0	
98	TR Ventures Corp.	111		3.4%	10	4.8	
86	Temple Bar	184	+1	4.35%	18	6.0	
33	Three. Sec. Growth	76		3.0%	0	11.3	
211	Do. Com. El.	248	+2	6.5%	0	4.6	
159	Thompson Trust	200		1.0%	11	1.0	
33	Do. Warants	51					
123	Tor. Invest. Ind.	180	+3	11.5%	11	0.9	
212	Do. Cap. 10s	250	+2	11.5%	11	0.6	
123	Trans. Ocean	145		0.0%	0	0.0	
80	Tribune Inv.	182	+1	11.0%	12	2.6	
67	Triplex Inv. 50s	753	+2	17.7%	15	1.1	
475	Do. Capital 11	679	+10	1.0%	10	1.0	
153	U.S. Corp. Corp.	182		0.0%	18	4.7	
76	Widom Resources	81	+1	7.0%	18	1.5	
462	Wenrys Inv. El.	502	+3	20.0%	11	5.7	
60	Winterbottom 5p	95		50.7%	12	1.1	
110	Witis Inv.	137	+1	12.5%	18	2.7	
22	Do. Warants	27					
207	Wemon Inv.	251		8.2%	10	4.7	
194	Finance, Land, etc						
268	Abingdon 10p	272		1.25	0	0.7	0
120	Auden Hume	347	+3	17.0	3.4	6.0	10.1
345	Aldroyd Smithers	3754	+65	0	6.3	0	0
100	Alnwickated F. Inv.	182		2.0%	11	1.2	
80	Antarctica Holdings	220		10.0%	10	5.1	
16	Do. Spec. Com. Prf. El.	70d		0.5%	0	7.1	
16	Argyle 7s	23		10.5%	10	3.2	28.4
72	Auburn Huds. 10p	187		10.5%	10	3.2	
72	Barlow Huds. 10p	84		4.0%	11	7.5	17.1
91	Barrie Huds. & Fin. 2s	14		8%	11	2.0	29.8
210	Biotechnology Inv. 2s	5104	+4	F010c	—	0.7	
205	Bonham 10s	23		—	—	0	0
95	Borden Inv. El.	120		—	—	0	0
93	Borden Arrow	74	+1	12.2	21	4.2	15.2
696	Do. Spec. Inv. 95-2000	812		0.0%	0	0.2	
124	Ex Land. 10p	525	+10	17.5	22	2.0	20.1
124	Ex Land. 10p	152	+2	10.0%	11	5.5	
27	F & C Em. 10p	27	+2	0.0%	11	0.5	
65	Fleetsch 10p	85		—	—	—	1.1
67	Fremington Grp.	750		4.0%	4.7	1.7	17.6
76	Frost J. & D. 11	273	+2	12.7	42	10.7	
100	Hamro 7s	125	+5	11.0%	11	6.3	22.1
24	Hampton 10s	34	+2	—	—	—	
70	Haw Par 551	79		0.0%	12	4.3	19.8
355	Henderson Inv. Co.	475		10.0%	4.7	3.0	100
80	Hin. Fa. Inv. Co. 10s	132	+1	3.0%	14	3.3	8.4
345	Int. Inv. Trd. 5s. 11y	635		0.0%	11	1.4	0
120	Intl. 8s. & 10s. 11y	522		7.0%	25	1.4	15.4
222	Investment Co.	26	+2	10.0%	34	3.6	7.8
62	Ivory & Stone 10s	65		2.0%	21	4.4	15.4
62	Kalzen 10s	50		0.75%	21	5.8	9.5
16	Do. Com. Pl. 10p	29		0.35%	21	4.4	44.6
25	Keweenaw Inv.	56		0.05%	21	0.7	—
125	Kinor Taylor 10p	175		11.0%	22	9.0	7.2
211	Do. Com. El.	26		0.11%	22	9.0	7.0
104	Land & Ass. Inv. 10s	17		0.2%	23	1.7	18.7

OIL AND GAS—Continued

Low	Stock	Price	+ or -	Dif.	Net	C'm	Y'm	P/E
193	Green.....	228	-2	10.42	31	6.8	6.8	
177	Grindlays A55.....	39	-1	—	—	—	—	
66	Grindlays Oil Gas 10p	88	-5	—	—	—	—	—
161	Hallcrest Res 50.25	24	—	—	—	—	—	
271	Harmann El 50.40	206	-2	4.75	2.0	7.0	8.5	
202	H.C. Anderson OH El	225	—	—	102.10	—	—	
265	H.C. Cambridge OH El	570	—	—	—	—	66.8	
164	Harkiss Capel 100	183	-2	2.75	1.5	2.1	38.0	
53	Hartley 10p.....	67	—	—	1.5	1.9	7.2	
141	Charterhouse Pet.	534	—	—	0.64	4.0	15.0	
113	Charterhouse Pet.	118	—	—	0.75	3.4	33.7	
114	Chesapeake Energy	13	—	—	—	—	—	
91	Chesapeake Pet. 8	202	—	—	1.90	—	6.3	
91	Chesapeake Pet. 16	246	-3	—	—	—	—	
62	Clifford Oil El	67	—	—	—	—	—	
17	Co. A/Cov. A	800	—	—	—	—	—	
17	Co. Warrants 'B'	24	—	—	—	—	—	
4	Clyde Petroleum	103	—	—	0.97	5.8	15	25.4
75	Clyde Pet. 11.1	6	—	—	—	—	—	
11	Clyde Pet. 11.1	80	—	—	—	—	—	
5	Clyde Pet. 14	177	-7	—	—	—	—	
20	Cooper Res CS1	21	—	—	—	—	—	
54	E. Scotland Distillers	61	-2	2.0	1.2	4.7	25.1	
70	Edinburgh Secs.	75	—	—	0.15	—	—	
42	Eden Oil 100.05	45	—	—	—	—	—	
13	Energy Capital 12.10	45	-1	—	—	—	—	
3	Energy Sources 100	3	—	—	—	—	—	
172	Enterprise DM	184	-2	—	67.02	3.2	5.4	0.3
15	Europa.....	15	—	—	—	—	—	
5	Falcon Res 200	152	-1	—	—	—	—	
12	Falmouth Pet.	15	—	—	—	—	—	
140	Fairland Oil & Gas	245	—	—	—	—	—	
23	Fairfax Resources	405	—	—	—	—	—	
88	Floyd Oil 100	88	—	—	—	—	—	
70	Forge NL 50c	100	-3	—	—	—	—	
10	Forger Energy 10c	45	—	—	—	—	—	
295	Global Nat. Res.	310	—	—	—	—	—	
92	Gold Pet. 50	105	—	—	1.0	6.3	1.3	16.0
125	Great Western Refd.	225	-3	—	—	—	—	
32	Greenstream Refd.	35	—	—	—	—	—	
44	Haddon Pet. 50	84	-2	—	—	—	—	
110	Hamilton Oil Corp.	121	—	—	202.50	—	0.2	
128	Hunting Petrol	152	—	—	8.0	2.3	8.7	6.6
88	Hycor 100.00	97	—	—	0.10	9.9	0.16	
18	Hycor 100.10	28	—	—	0.03	42.5	19.1	
25	Hycor 100.10	26	—	—	12.5	1.6	6.2	12.8
101	Hycor Corp. El 95-200	612	-1	—	0.99	25.2	1.6	
120	Hycor Energy El	130	—	—	—	—	—	
90	Hycor Petrol 50	100	—	—	—	—	—	
90	Holy Atlanta Res.	95	—	—	—	—	—	
115	Hymersland Petrol	152	-3	—	—	—	—	
45	Hyundai Energy	45	-5	—	—	—	—	
50	Jackson Eagle II	93	—	—	—	—	—	
110	Johannes Drilling	131	—	—	—	—	—	
21	KCA Drilling 10	22	-1	—	3.00	1.4	4.4	45.1
400	Klonos Energy NV	350	—	—	0.50	—	6.4	
257	Lasmo.....	353	-5	—	11.5	2.1	4.7	13.6
4	Le. "One" 10p	440	—	—	112.3	—	36.5	
104	Le. "One" 10p	111	—	—	9.63	—	12.4	
10	Magellan Pet.	168	—	—	—	—	—	
3	Maglef Merl. 10c	54	—	—	—	—	—	
10	Marine 100	85	-3	—	—	—	—	
121	Meredith Oil HV	22	-1	—	—	—	—	
52	Metropet Pet. L	51	—	—	—	—	—	
152	Milestone Oil ASU.25	208	-8	—	0.25	—	0.9	
0	Misra Pet. 10c	9	—	—	—	—	—	
79	Misra Pet. Cap. 50	48	-1	—	1.5	2.1	4.3	127
157	Misra Pet. El 100	20	—	—	—	—	—	
400	Misra Hydro 100	207	—	—	—	—	—	
75	Misra Hydro & Gas 100	77	—	—	—	—	—	
23	Misra North Res.	32	-2	—	—	—	—	
22	Misra Oil 10c	83	—	—	—	—	—	
22	Misra Oil Corp. El	22	-1	—	—	—	—	
45	Misrafield Imp. Snc.	90	—	—	12.65	4.0	7.2	
68	Mitro Pet. & Min.	205	-15	—	—	—	—	
80	Mitro Petrol	80	—	—	—	—	—	
60	Mobiles Hydro El	65	—	—	—	—	—	
24	Molality 100	26	-4	—	—	—	—	
24	Monetta Res.	24	-1	—	—	—	—	
20	Petrarco 100	240	—	—	—	—	—	
115	Petrobras 12.50	140	—	—	13.75	1.7	5.8	20.2
673	Petrobras SA	595	-14	—	85.00	—	5.0	—
43	Petrobras Petroleum	43	—	—	—	—	—	
57	Petrobras 50	58	—	—	—	—	—	
9	Pitman Oil & Gas. NL	9	—	—	—	—	—	
119	Pitcl. Pet. El	147	-1	—	—	—	—	
42	Premier Cons. 50	55	—	—	—	—	—	
43	Ranger Oil	446	-9	—	—	—	—	
E30	Royal Dutch FL10	140	—	—	108.50	3.2	5.1	6.1
75	SAASDOL RI	245	—	—	0.30	—	5.9	—
350	Santos 10.25c	434	-10	—	10.20	2.6	1.9	21.8
225	Saxon 10c	370	—	—	—	—	6.26	
260	Scoprite Refd.	349	-9	—	—	—	—	
52	Shell Trans. Reg.	625	—	—	126.2	2.2	6.0	7.5
51	Siemens 10c	62	—	—	4.9%	—	11.3	
134	Silkolene	150	—	—	10.0	1.9	7.6	0.7
50	Southwest Res. 40p	67	—	—	—	—	—	
202	Sovereign DM	205	—	—	—	—	—	
26	Statoil Russ. (Bol.)	336	—	—	—	—	—	
9	Statoil Oil ASU.35	35	—	—	—	—	—	
12	Swedisch Pet.	26	-4	—	—	—	—	
110	T1 Sun 100 Royalty 10	145	—	—	—	—	—	
31	TM Energy	31	-1	—	—	—	—	
E64	Texaco 414c El Pet.	564	—	—	0.04%	—	7.6	
15	Texaco 100c El Pet.	154	—	—	—	—	—	
168	Ticrol El	205	—	—	10.0	2.2	7.8	8.3
22	Ticrol Res. Ir 50	36	—	—	—	—	—	
213	Ultramar	233	-7	—	10.5	4.1	5.2	3.2
37	Warrior Regd.	56	-1	—	—	—	—	
36	Weeks Australia	59	—	—	—	—	—	
23	Witwatersrand 20p	79	-1	—	—	—	—	

DAIWA SECURITIES

MINES—Continued

Stock	Price	+ or -/-	Div Net	Cw G
African				
145 Falcon 250c.	150	0100c	♦ 38	
146 Manasco Col 251	95	—	—	
147 Zim-Epr 380D24	164	—	—	
Australians				
23 VACM 50c	52	-3	—	
17 VACM-Estn Pn NL	52	-1	—	
31 VACM Oil & Minerals	45	—	—	
12 VACM-Estn NL	20	—	—	
15 VACM-Estn NL	15	-2	—	
15 VACM-Estn NL	14	-1	—	
15 VACM-Estn NL	22	-1	—	
77 VACM Min Min	317	-3	0100c	♦ 6
40 VACM-Estn 1 Kata	225	-5	3015c	12
55 VACM-SZ	358	—	1012c	13
44 VACM Corp 20c	65	-2	—	
15 VACM-Kalgope	26	—	—	
15 VACM Corp	32	—	—	
25 VACM-Gld Mq Areas NL	34	-14	—	
45 VACM-Estn NL	6	-12	—	
80 VACM-Pac HL	9	-14	—	
62 VACM Corp 10c	7	—	—	
60 VACM Corp 10c	192	-3	—	
75 VACM-Estn 20c	13	+2%	—	
22 VACM-Estn NL	29	—	—	
18 VACM-SZ	24	-1	—	
55 VACM Corp 10c	58	-2	—	
55 VACM-Kalgope 25c	45	-15	030c	♦ 4
19 VACM Great Eastern Mns	262	-12	—	
19 VACM Great Victoria Gold	38	-2	—	
7 VACM Aus NL 20c	7	-12	—	
25 VACM-Haoma HW.	125	-11	—	
15 VACM Min Min	30	-1	—	
25 VACM Ocean 1180c	32	-1	—	
45 VACM-Estn NL	54	-2	—	
31 VACM-Estn NL	84	—	—	
8 VACM Min 20c	10	—	—	
75 VACM Min 20c	44	-14	—	
50 VACM-Estn NL	122	-13	—	
25 VACM-Estn 25c	95	-3	—	
21 VACM-Estn NL	32	-1	—	
20 VACM-Estn NL	102	—	—	
30 VACM-Estn NL	57	—	—	
55 VACM-Estn NL	20	—	—	
55 VACM-Estn NL	379	-6	056	8.7
3 VACM-Estn NL	34	-10	—	
5 VACM-Estn NL	54	—	056	2.4
25 VACM-Estn NL	154	-3	096	1.3
35 VACM-Kalgope	41	—	—	
25 VACM-Estn NL	45	-2	107c	13
25 VACM-Estn NL	54	-1	—	
60 VACM-Estn NL	85	-3	—	
45 VACM-Estn NL	52	—	—	
35 VACM-Estn NL	75	-2	—	
54 VACM-Estn NL	346	-10	049c	♦ 1
8 VACM-Estn NL	346	—	—	
12 VACM-Estn NL	17	—	—	
11 VACM Margaret Gold	15	—	—	
10 VACM-Estn NL	210	-10	0100c	0.4
43 VACM-Estn NL	266	-10	—	
25 VACM-Estn NL	34	—	—	
11 VACM-Estn NL	94	—	—	
10 VACM-Estn NL	12	—	—	
10 VACM-Estn NL	224	-7	046	1.1
54 VACM-Estn NL	360	-6	056	♦ 1
11 VACM-Estn NL	142	-12	—	
10 VACM-Estn NL	12	—	—	
For Tunis Res see HMC-Aust				
29 VACM Goldfields NL	34	—	—	
85 VACM West Coast 25c	91	—	—	
10 VACM-Estn NL	12	—	—	
10 VACM-Estn NL	224	-7	046	1.1
10 VACM-Estn NL	360	-6	056	♦ 1
11 VACM-Estn NL	142	-12	—	
10 VACM-Estn NL	12	—	—	
Tins				
10 Aver Nitram SM1	245	+3	0100c	♦ 19
48 Aver Nitram SM1	212	—	120	2.2
55 Aver Nitram SM1	165	+10	50.20	♦ 3
73 Hongkong	6500	—	—	
11 Junta 12.5%	12	—	0.5	—
50 Malaysia Min. 10c	54	+1	066	2.6
38 Pakong	40	+2	8	—
00 Pengkalan 10c	750	—	—	
20 Petaling 10c	268	+10	0400c	♦ 7
50 Simea SM1	265	+10	0705c	0.9
50 Supreme Corp SM1	55	—	0034	0.1
45 Tawau 25c	290	—	093	1.1
45 Tawau 25c	230	—	0223	1.2
45 Tawau 25c	265	+5	0465	1.4
Miscellaneous				
45 Anglo-Dominion	55	—	—	
32 Anglo Ind. Dev.	36	—	—	
10 VACM Goldfields NL	500	—	—	
80 Colby Roy Corp	85	—	—	
50 Esso, March 10c	675	—	10100c	1.4
60 Esso, Mar. 10c	31	—	—	
60 Hampton Areas 10c	172	-3	3.75	2.1
45 Highland Res.	290	-10	—	
16 Homestead Mining 51	202	-1	020c	0
50 McKinley Red Lake	220	—	—	
20 MIMU Explorations	200	+5	—	
25 New Salina Res. C51	28	-2	—	
20 Northgate C52	300	-5	—	
40 RTZ	420	-7	113.0	2.7
11 RTZ, Hk 95-2000	1337	-7	099.2	35.4
50 VACM-Estn 31	910	-15	—	

Service is available to every Company dealt in on Stock exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng	Stock	Sales	High	Low	Last	Chng
Merck	41	424	415	412	+1	OGG Te	51	51	50	50	+1	Orbach	15	73	72	72	+1
MerCo	23	14	14	14	+1	Orbital	24	24	24	24	+1	Orbital	23	73	72	72	+1
Merch	240	23	23	23	+1	Orbital	151	151	151	151	+1	Orbital	151	73	72	72	+1
Merri	1	15	15	15	+1	Orbita	159	159	159	159	+1	Orbita	159	73	72	72	+1
Merri	15	15	15	15	+1	Orbita	149	149	149	149	+1	Orbita	149	73	72	72	+1
Merri	88	77	77	77	+1	Orbita	92	92	92	92	+1	Orbita	92	73	72	72	+1
Merri	111	111	111	111	+1	Orbita	112	112	112	112	+1	Orbita	112	73	72	72	+1
Merri	100	98	98	98	+1	Orbita	98	98	98	98	+1	Orbita	98	73	72	72	+1
Merri	456	456	456	456	+1	Orbita	260	260	260	260	+1	Orbita	260	73	72	72	+1
Merri	522	522	522	522	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	79	79	79	79	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	120	120	120	120	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	254	254	254	254	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	120	120	120	120	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	44	44	44	44	+1	Orbita	158	158	158	158	+1	Orbita	158	73	72	72	+1
Merri	225	225	225	225	+1	Orbita	288	288	288	288	+1	Orbita	288	73	72	72	+1
Merri	22	22	22	22	+1	Orbita	36	36	36	36	+1	Orbita	36	73	72	72	+1
Merri	314	314	314	314	+1	Orbita	314	314	314	314	+1	Orbita	314	73	72	72	+1
Merri	41	12	12	12	+1	Orbita	12	12	12	12	+1	Orbita	12	73	72	72	+1
Merri	115	115	115	115	+1	Orbita	115	115	115	115	+1	Orbita	115	73	72	72	+1
Merri	140	140	140	140	+1	Orbita	140	140	140	140	+1	Orbita	140	73	72	72	+1
Merri	159	159	159	159	+1	Orbita	159	159	159	159	+1	Orbita	159	73	72	72	+1
Merri	201	201	201	201	+1	Orbita	201	201	201	201	+1	Orbita	201	73	72	72	+1
Merri	44	44	44	44	+1	Orbita	44	44	44	44	+1	Orbita	44	73	72	72	+1
Merri	254	254	254	254	+1	Orbita	254	254	254	254	+1	Orbita	254	73	72	72	+1
Merri	22	22	22	22	+1	Orbita	22	22	22	22	+1	Orbita	22	73	72	72	+1
Merri	314	314	314	314	+1	Orbita	314	314	314	314	+1	Orbita	314	73	72	72	+1
Merri	41	12	12	12	+1	Orbita	12	12	12	12	+1	Orbita	12	73	72	72	+1
Merri	115	115	115	115	+1	Orbita	115	115	115	115	+1	Orbita	115	73	72	72	+1
Merri	140	140	140	140	+1	Orbita	140	140	140	140	+1	Orbita	140	73	72	72	+1
Merri	159	159	159	159	+1	Orbita	159	159	159	159	+1	Orbita	159	73	72	72	+1
Merri	201	201	201	201	+1	Orbita	201	201	201	201	+1	Orbita	201	73	72	72	+1
Merri	44	44	44	44	+1	Orbita	44	44	44	44	+1	Orbita	44	73	72	72	+1
Merri	254	254	254	254	+1	Orbita	254	254	254	254	+1	Orbita	254	73	72	72	+1
Merri	22	22	22	22	+1	Orbita	22	22	22	22	+1	Orbita	22	73	72	72	+1
Merri	314	314	314	314	+1	Orbita	314	314	314	314	+1	Orbita	314	73	72	72	+1
Merri	41	12	12	12	+1	Orbita	12	12	12	12	+1	Orbita	12	73	72	72	+1
Merri	115	115	115	115	+1	Orbita	115	115	115	115	+1	Orbita	115	73	72	72	+1
Merri	140	140	140	140	+1	Orbita	140	140	140	140	+1	Orbita	140	73	72	72	+1
Merri	159	159	159	159	+1	Orbita	159	159	159	159	+1	Orbita	159	73	72	72	+1
Merri	201	201	201	201	+1	Orbita	201	201	201	201	+1	Orbita	201	73	72	72	+1
Merri	44	44	44	44	+1	Orbita	44	44	44	44	+1	Orbita	44	73	72	72	+1
Merri	254	254	254	254	+1	Orbita	254	254	254	254	+1	Orbita	254	73	72	72	+1
Merri	22	22	22	22	+1	Orbita	22	22	22	22	+1	Orbita	22	73	72	72	+1
Merri	314	314	314	314	+1	Orbita	314	314	314	314	+1	Orbita	314	73	72	72	+1
Merri	41	12	12	12	+1	Orbita	12	12	12	12	+1	Orbita	12	73	72	72	+1
Merri	115	115	115	115	+1	Orbita	115	115	115	115	+1	Orbita	115	73	72	72	+1
Merri	140	140	140	140	+1	Orbita	140	140	140	140	+1	Orbita	140	73	72	72	+1
Merri	159	159	159	159	+1	Orbita	159	159	159	159	+1	Orbita	159	73	72	72	+1
Merri	201	201	201	201	+1	Orbita	201	201	201	201	+1	Orbita	201	73	72	72	+1
Merri	44	44	44	44	+1	Orbita	44	44	44	44	+1	Orbita	44	73	72	72	+1
Merri	254	254	254	254	+1	Orbita	254	254	254	254	+1	Orbita	254	73	72	72	+1
Merri	22	22	22	22	+1	Orbita	22	22	22	22	+1	Orbita	22	73	72	72	+1
Merri	314	31															

FINANCIAL TIMES SURVEY

The growth of venture capital has been rapid. Setbacks are inevitable in the future but there is little doubt that what is seen as a vital spur to entrepreneurial activity and economic recovery is here to stay.

Venture Capital

Lending that helping hand

By Tim Dickson

TEN YEARS ago—following some ill-fated investments by merchant banks in the late 1960s and early 1970s—“venture” capital in Britain was a dirty word. Five years ago it was still in distinctly short supply. But today thanks to a remarkable range of sentiment anyone looking for finance to start or expand a small business can be overwhelmed by the choice.

Stockbrokers, accountants, merchant banks and other financial institutions have been falling over themselves recently to get involved with an industry which is rapidly expanding, which is seen as dynamic and providing a key stimulus to economic revival, and which holds out the prospect of substantial rewards for those that approach the opportunities in the right way.

Venture Economics, the London-based research consultancy, reckons that there are now about 90 individual venture capital management groups in

Britain, compared with perhaps no more than 20 serious “players” just five years ago. (Our specially prepared list within this survey records more than 150 separate sources of money for unquoted businesses.)

Since 1979 around £500m is estimated to have been raised from institutions and private investors specifically for venture capital (more than half of this in the last 18 months). But the figure would obviously be much greater if the amounts made available by SI (the Investors In Industry Group) and other established institutions which make investments off their own bats were taken into account.

This relatively sudden surge of enthusiasm—which has certainly gathered pace in the last two years—can be attributed to a number of factors.

Notable among them is the Government’s emphasis on small firms. Its range of incentives to encourage entrepreneurs and the spectacular example of “venture” backed business in

the U.S. in the late 1970s and early 1980s, such as Tandem Computers, Federal Express, Apple Computer and LSI Logic.

Besides the increasingly strong commercial appeal of venture capital, many financial institutions (notably the pension funds) were goaded into action by politically motivated criticisms that they were not prepared to take a long-term view of investment.

While money for small businesses is much more widely available in Britain than ever before—providing a vital spur to entrepreneurial activity—there are reasons for treating the current venture capital frenzy with caution.

Too narrow

Many City of London institutions which claim to be “venture capitalists,” for example, are in fact highly risk averse;

there is so far little evidence

that the returns on recent investments will emulate the significant gains chalked up by risk capital specialists in North America; while recent experience on the West Coast of the U.S. vividly illustrates how quickly euphoria in the venture capital can turn into a bust.

Venture capital in Britain is a far from homogeneous activity—point reflected for example in widespread debate over “industry” definitions.

Some say “true” venture capital, for example, is equity

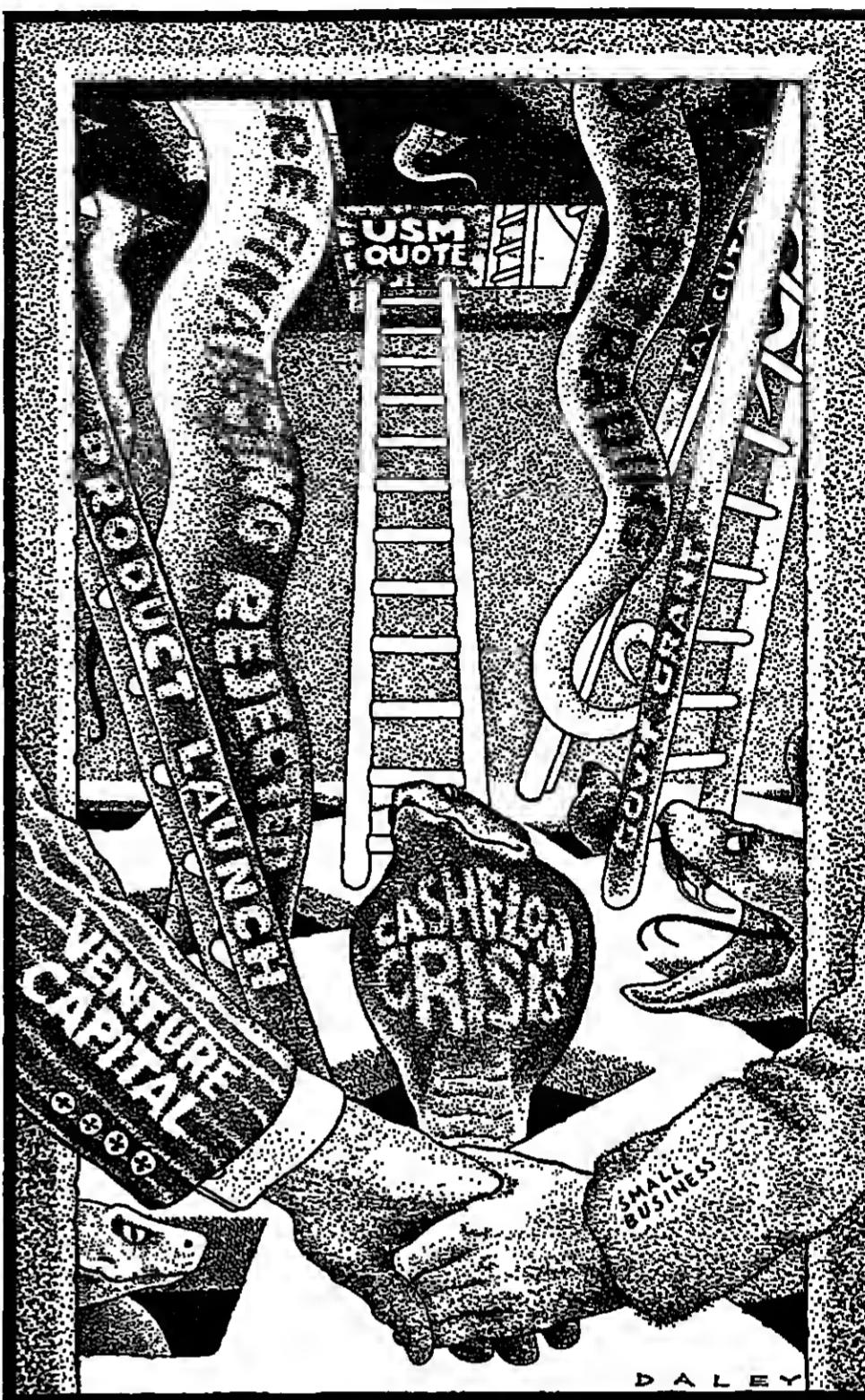
finance for start-ups; but the majority of commentators argue that this is too narrow (especially in a UK context) and that most forms of equity related risk finance for private companies up to the point where they are ready for a public listing should be included. (Such later stage financing is sometimes called “development capital.”)

The confusion owes much to the fact that the modern venture capital industry in Britain is rooted in at least two separate traditions. The first can be traced to the pioneering days of ICFC (previously The Industrial and Commercial Finance Corporation) and Charterhouse Development, the two major British institutions which have dominated the market in long-term small business finance for most of the past war years.

Theirs can best be described as the “City” or “portfolio” approach and rests on the ability of investment managers using largely financial skills to “pick winners.” The style is characteristic of most City financial institutions, such as the merchant banks, which have entered the venture capital business on their own account.

The other influence is much more recent and consists of the ideas, experience and techniques pioneered in the U.S. in the early 1970s and introduced to Britain by a small number of American inspired groups such as Venture Founders, APA,

CONTINUED ON PAGE 2



FORUM
• The Venture Capital Financial Forum, sponsored by the Financial Times and the British Venture Capital Association, will be held at the Hotel Inter Continental, London, W1 on Monday and Tuesday of next week

IN THIS SURVEY

Business Expansion Scheme	2	The U.S.	5
Unlisted Securities Market	4	France	6
Finance package case studies	4	West Germany	6
Corporate venturing	5	Sweden	6
Management buy-outs	5	Guide to sources of venture capital in UK	8

REPRINTS
• For reprints (Priced £3.50), which will include more detailed information on the major sources of venture capital in the UK, contact Nicola Banham, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY

WHEN THE DIRECTORS OF A £2 MILLION COMPANY HAD THE CHANCE TO BUY IT OUT, HOW MUCH DID THEY HAVE TO PUT UP THEMSELVES?

If you're expecting the answer to run to at least six figures, you're in for a pleasant surprise.

You see, all the Directors needed to raise was £80,000.

The remaining part of the equation was arranged with our help.

Together with another financial institution, an equity and loan funding package was arranged that will mean, depending on the company's success, the management having a controlling stake in their business.

Of course, to arrange this kind of package we need to hear a very convincing argument.

But that shouldn't be too difficult. Otherwise, why would you want to buy out the company in the first place?

If you and your parent would benefit from a mutually agreed parting, why not talk to us.

£546,000?

£80,000?

£1,900,000?

£263,000?

Clive McLintock will be happy to take your call on 01-623 4321.

Or write to him at Barclays Development Capital Limited, 66/70 St. Mary Axe, London EC3A 8BD.



BARCLAYS

BARCLAYS DEVELOPMENT CAPITAL

“I was worried until my business started to grow. Then I was petrified.”

When a business takes off, the directors had better fasten their seat belts.

All at once the problems come pounding in.

Should you hire new people? Should you invest in more machinery? Should you find bigger premises?

What about new technology?

Development areas? Factoring? Grants?

As the orders begin to flow faster, so does the adrenalin.

You find you're always needed in three places at once.

You move from crisis to crisis and forget long term planning.

You become a stranger to your family.

It's a time when you need all the same advice and financial help you can get. Which is precisely what we, at Arthur Andersen can provide.

Arthur Andersen is a large accountancy firm that has built its business around growing companies.

There are myriad ways in which we can help you, but here are three to be considering now.

1. Finance. We were arranging

venture capital in the days when it was still called money. (Since 1965 to be precise.)

We'll analyse your business, and help you work out how much you need over what kind of term. Then we'll help you find the most cost-effective way of raising it.

2. Planning. A failure to plan is a plan for failure. We'll act as a sounding board, answer questions, help you set priorities. Most importantly, we'll examine the various “what if?” scenarios.

3. Flotation. So far, we've successfully brought 23 growing companies to the USM. Who knows, you could become our 24th.

If you'd like to know more about Arthur Andersen or if you're particularly interested in venture capital, contact John Ormerod at the address below.

It's a fascinating and exciting time to be running a growing company. We'll help take away some of your growing pains.

ARTHUR
ANDERSEN
& CO.

Chartered Accountants
1 SURREY STREET, LONDON WC2R 2PS. TELEPHONE: 01-836 1200.

Venture Capital 2

Need to place emphasis on higher risks

Business Expansion

TERRY GARRETT

IF YOU have a proven track record as a successful businessman, attracting new capital to finance expansion plans is usually a relatively painless experience. But for budding entrepreneurs who have yet to win their spurs in the business world, pulling together sufficient finance to get a start can turn out to be such a daunting task.

Many fail at this first hurdle. How many potentially successful businesses have never got beyond the garden abed through lack of finance?

For years young companies have had to rely on a handful of specialist institutions, such as Industrial and Commercial Finance Corporation, their bank

managers or rich relatives to provide cash to see them through their formative years.

And for years this "structure" provoked the same sort of complaints—the professional advisers were unwilling to entertain many small propositions that were put to them. High Street bankers simply lacked enough experience and foresight to act as venture capitalists while rich relatives were hard to find and even harder to keep on the right side of.

Thankfully the market place for financing young companies has changed a great deal in the last few years. The phrase "venture capital" has been taken to every financiers' heart—though its clear meaning is yet to be really established—and now backing small businesses, especially in high-technology industries, has become the fashionable thing to do.

No longer can young entrepreneurs complain that there is

insufficient sources of capital, though whether today's myriad of bankers and institutional investors are any less rigid in what they consider to be worthwhile ventures than their limited number of predecessors is perhaps more questionable.

The Government has played its part in encouraging this new entrepreneurial spirit across the country. While large parts of the country's industrial bedrock is crumbling, future prosperity (so the politicians' publicity blurbs say) must be found in new "sunrise" industries.

But while venture capital investment holds out the carrot of rich rewards, the risks are equally high. Therefore, in the 1983 Finance Act the authorities launched the Business Expansion Scheme offering substantial tax incentives to encourage investors to take more risks by actually diluting the dangers without losing any of the potential rewards.

Under the scheme an individual can claim tax relief against his or her top level of income tax on investments of

new equity in most unquoted UK trading companies up to a maximum investment of £40,000 a year.

So, for example an investment of £10,000 in a qualifying company or specialist BES fund by a person paying a top rate 60 per cent tax rate on income would actually only cost a net £4,000. The Government, through tax relief, is indirectly subsidising investment in small companies to stimulate growth, while the attractions for individual investors are obvious in that the amount of capital at risk is in practice greatly reduced.

Plan hatched

When the authorities hatched the BES plan perhaps they envisaged large numbers of local professional people putting up finance to create lots of new local businesses; the local dentist financing a sweet shop perhaps. But the BES is such an obvious tool for venture capitalists to employ that there has been a fair avalanche of specialist funds run by City

institutions. Now if you are involved in corporate finance you have to have a BES fund somewhere to hand.

The specialist funds have understandably been very popular with investors. Not only do they limit the risk by offering BES tax relief but they have the added bonus of limiting risk further by spreading the funds' investments over several companies. A small fund may only have between six or eight investments, one or two of which might conceivably fail but if there is just one real winner in the portfolio then investors can anticipate a healthy capital reward.

It may be a classic argument for fund type investment whether it is unit trusts or investment trusts but of course in this case the tax concession adds a whole new dimension.

So the need to promote extra venture capital was plain, the Government has reacted with a very good scheme and the City institutions and investors in general have responded with an unquestionable degree of enthusiasm. But is it as neat

as that.

If there is a criticism with the BES it is that investment flows may not be going in quite the direction that the Government had originally intended.

The more obvious abuses, such as using BES cash for farm

weakest point is that most investors by nature are usually cautious.

Many fund managers are still using BES funds to back individuals and companies with established track records. Now this is fine up to a point—after all it is an "expansion" scheme and not a "start-up" scheme. And understandably the fund managers who are responsible to their clients to produce capital rewards, are reluctant to follow very high risk investments.

However, if the scheme is going to be viewed as a success—and not just a tax efficient way for investors to get richer thanks to tax concessions—then funds must be directed into investment opportunities that would otherwise have been viewed as too high a risk for conventional based investment.

Profile: David Cooksey

Raising further £30m

BY TIM DICKSON

WITH £20M under management at the moment and plans laid to raise a further £30m from private, corporate and institutional sources, David Cooksey's Advent Management is among the biggest "independent" venture capital groups in the UK.

Advent's British activities began in 1981 with the launch of the £10m Advent Technology—a fund which is now almost fully committed and which contains 35 investments (20 of them are in the UK and the rest are either in North America or Europe).

The £10m Advent Eurofund followed 14 months later and has 26 investments all but one of which are also in the Advent Technology portfolio.

Advent's investments include a stake in the Cambridge-based Agricultural Genetics Company which it helped set up with Ultram and the NRDG to exploit the plant genetics work carried out by certain agricultural and food research council institutes; Enterprise Airtime Systems, a UK company which has developed computer-based marketing systems for selling advertising time; and Xenntron, a Norfolk-based designer and manufacturer of intelligent work stations for the print industry.

Previous booms have petered out in the UK, for example, and the cyclical swings are nowhere better illustrated than in the U.S. this year where there has been a dramatic slump in the prices of high technology stocks quoted on the Over-the-Counter (OTC) market. Disappointed expectations for venture backed companies has been the major cause, resulting in sharp write downs in valuations for companies at all stages of development and a cooling of interest by institutional investors. Can the same happen in the UK?

Recent lessons from the U.S., where expectations had become increasingly unrealistic with investors looking for a too rapid payback on their money, should certainly be noted in Britain where some observers feel too many institutions are interested in scoring "quick hits" rather than patiently "building men and companies" (in the words of one of the earliest U.S. venture capitalists General Doriot).

The lack of experienced managers in the UK is also a worry. Few can genuinely claim any real industrial experience and fewer still can show any "scar tissue" —demonstrating that they know what it is like when investments turn sour.

Sethacks are inevitable in the years ahead but the commitment of all political parties to small firms, the success of the Unlisted Securities Market (USM) and the broad range of sources should ensure that this time venture capital is here to stay.



David Cooksey

international network of venture capital companies started in 1968 by Peter Brooke of Boston-based TA Associates.

Besides TA, there are affiliated companies in West Germany, Belgium, Holland, Sweden, Singapore and Japan.

Cooksey has had his ups and downs in the venture capital industry. Elected first chairman of the British Venture Capital Association for 1983-84, he was deeply embarrassed when Interco—a part of Formica which he acquired in 1973 and developed into a group of companies in the electronics and health care industries—went into receivership in early 1983.

"It obviously took my eye off the ball," he admits today. His mind is now inevitably concentrated on the new fund (to be called Advent Capital). Although institutional enthusiasm for venture capital is not what it was this time 12 months ago, Cooksey says he will be "disappointed" not to reach the £30m target. He expects that up to one third of subscriptions could come from major corporations which see venture capital as a good "intermediate tool" for backing new technologies.

Profile: Donald Workman

Single minded effort

BY TIM DICKSON



Donald Workman

EX-ICFC area manager Donald Workman is one of a new breed of venture capitalists created by the Government's Business Expansion Scheme (BES). Earlier this year Workman set up the £1.6m Castleforth Fund with help from stockbrokers Leings and Cruckshanks and National Commercial and Glyn's, the merchant banking subsidiary of the Royal Bank of Scotland.

In common with most other BES funds he was a shade disappointed by the public's response but he has no regrets about embarking on venture capital management on his own.

"There's a lot of competition for deals and I've got to do all the work myself without the in-house experts I was used to at ICFC. But I'm very glad I've done it."

Castleforth, which hopes to be fully invested by Christmas, has so far put money into a video graphics company, a large start-up called Deeside Aluminium and an established turf grower with a national presence. Workman says he is aiming for a "reasonable spread" and believes that it is "politically" important for his and other BES funds to back at least a couple of high risk start-ups in their portfolios."

Kleinwort Benson has been making equity investments in unquoted companies for more than a century.

Today we believe that the future strength of the UK economy depends even more upon encouraging the entrepreneurial spirit to reach its full potential. Our specialist team will welcome your call.

"Let's talk to Kleinwort Benson."

Kleinwort Benson
Development Capital Limited
20 Fenchurch Street, London EC3P 3DB
Tel: 01-623 8000

CONTINUED FROM PAGE 1

brokers and licensed dealers) and in others by more established players (such as the merchant banks).

More than £20m was raised by managed funds in 1983-84 and despite some signs of a cooling in investor sentiment, at least the same again looks possible for the current year.

Typically, BES funds are relatively small—most have less than £2m under management—which restricts the size of a typical stake. They can only take equity positions (no loan capital) and with one or two exceptions they tend to back the more established companies to minimise the risk to their investors. They represent however, an important new pool of risk capital in the UK.

If the venture capital industry has been shaped by a number of different influences, who are the main players? Broadly speaking the market can be categorised as follows:

Public sector: The regional development agencies, notably the Scottish Development Agency, have been putting equity into small companies for some years. More recently, local authorities such as West Midlands County Council have turned venture capitalist through the creation of locally funded enterprise boards.

In two years the West Midlands Enterprise Board has approved investments of £6.5m in 22 local companies—predominantly established manufacturing businesses with more than 50 employees.

Pension funds: Many pension funds in recent years have opted to use a specialist venture capital intermediary like a few years ago the National General Pension fund through its subsidiary CIN Investments and the British Rail Pension Fund, have made direct investments in unquoted companies on their own behalf. Pension funds have



Profile: Kingsley Manning

By Tim Dickson

Highlighting problems in the sector

KINGSLEY Manning is not a venture capitalist. But as managing director of Greyfriars, a 15-month-old consulting subsidiary of the Guidehouse Group, he has been advising small and medium-sized companies backed by some of the new UK venture capital funds. Based on his experience at Greyfriars, he has some strong views on the UK venture and development capital industry.

Many funds, he says, fall "unusually" between the heavily involved "hands on" approach and the traditional "hands off" style of the City.

These investment management companies that act primarily as fund managers, he adds, "are often unenthusiastic about very good projects simply because the management team does not meet their standards . . . what evidence there is suggests that in America the man-

agement of many of the companies that seek capital are removed very rapidly when the company gets into growth.

"This is hardly surprising given that the skills and abilities required to start a business are very different from those required to run even a modest sized company."

Added Manning, who has an MSc from the London Business School and has studied at the University of Cambridge, "the City is not very good at spotting opportunities."

"It has led to increasing frustration among people seeking funds who find the City apparently unsympathetic to projects which are sometimes relatively mature and successful, even before the institutions become involved."

Both publications are supported by our computerised data base. For further details contact SUSAN LLOYD at

VENTURE ECONOMICS LTD.
VENTURE ECONOMICS LTD.
37 Thames Road, London W4 3PF Tel: 01-995 7619

Equity Capital for Industry

Innovative Finance for Growing Businesses

Our Resources

ECI is a leading private sector venture and development capital company, owned by 350 major U.K. investing institutions and with assets exceeding £40 million.

Our experienced management team has the skills to invest in and care for growing young companies through a wide range of specially tailored funding packages.

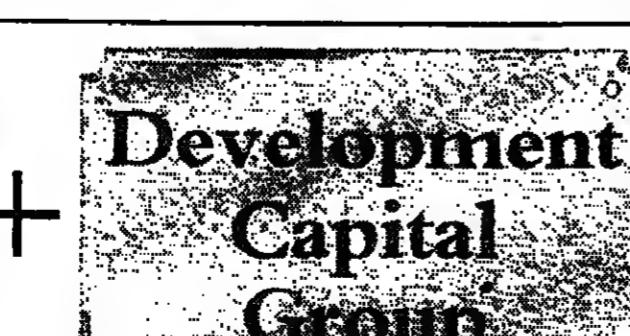
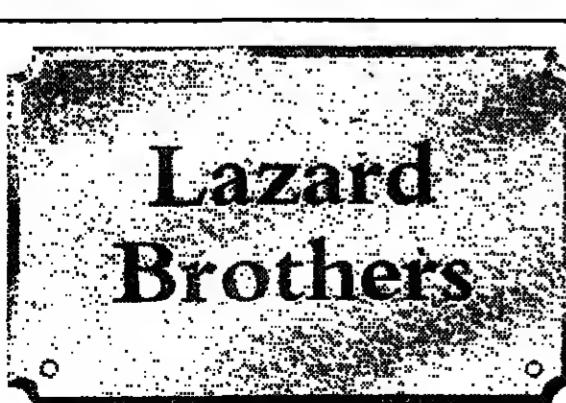
Your Requirements

We are prepared to invest from £100,000 to £1,000,000 in companies which can show expertise and innovation in the management of both products and human resources.

We will back Start-ups, Buy outs and Expansion Projects, including Acquisitions. For further information, please write to or telephone Tony Lorenz or any member of the investment team at ECI.

Equity Capital for Industry Limited, Leith House, 47-57 Gresham Street, London EC2V 7EH. Telephone: 01-606 1000. Telex: 892528.

ECI



= A Winning Combination

The combination of the merchant banking expertise of Lazard Brothers plus the industrial management experience of Development Capital Group has the resources to minimise the risk yet maximise the return in venture capital investment.

If you want to know more, please contact:
Mark Burrell 01-588 2721 or Neil Falkner 01-486 5021

3i in 1984

WE SEE OPPORTUNITIES WHERE SOME SEE ONLY RISKS.

At 3i we're firm believers in the grass being greener on the other side.

Sometimes.

The assessment of risk versus opportunity requires fine judgement. A judgement we're well qualified to make. Because, as well as being financial experts, we're also business experts.

Which in no small way, has helped us to become the largest source of venture capital in the world.

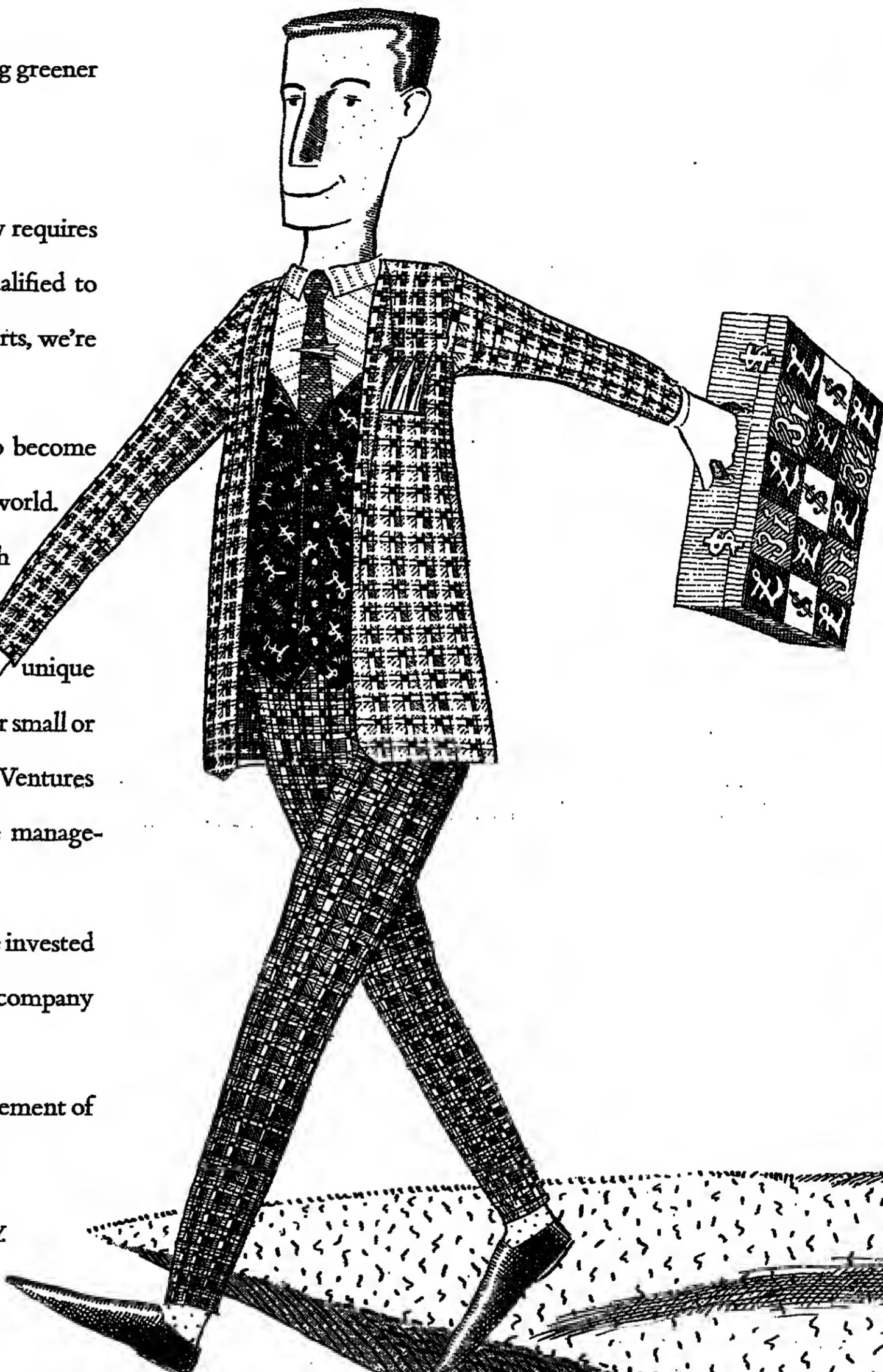
Our approach is to offer whichever approach best suits you, the customer.

Through ICFC where we have unique experience of providing venture capital for small or medium sized companies. Or, through 3i Ventures where we are more actively involved in the management of the businesses in which we invest.

Over the last three years we've invested venture capital in well over 1,000 company start-ups.

We hope that says something for our judgement of greener grass.

THE CREATIVE USE OF MONEY



Venture Capital 4

Playing a dual role

THE Unlisted Securities Market and its over-the-counter rivals play the double role of provider and exit route for the venture capital industry.

On the one hand, they have unleashed a considerable flow of equity finance from both institutional and private investors. On the other, they have opened an opportunity for venture capital funds to realise their investments with minimal disruption to the company.

At the same time, the two markets have provided a valuable incentive for management by allowing directors to cash in on their efforts relatively easily. For the same reason, they have made it more attractive for businessmen to start up new ventures in the knowledge that a market for their shares could be on the horizon if all goes well.

"The USM shows entrepreneurs that the potential reward is worth the risk," says Geoff Taylor, director of 3i Ventures. Twelve companies with a 3i investment have joined the USM over the past year and another five—including Oxford Instruments—have gone to a full listing.

The two markets have had an uneasy relationship since the USM was formed just over four years ago, simultaneously benefiting from each other's growth and poaching each other's territory. While the OTC has channelled a number of companies to the USM, it has also kept many young businesses away from the Stock Exchange. They are unwilling to surrender the Business Expansion Scheme (BES) incentives available to investors outside the Stock Exchange and on which the OTC has thrived.

But the greater status attached to a USM quotation has allowed it to establish an enormous lead over the less officially regulated and—in general—more speculative OTC. More than 330 companies have listed on the unlisted market, over 35 of which have gone on to a full quotation. Approaching 275

stocks are currently traded on the USM, with a market capitalisation of close to £5bn.

The OTC markets, by contrast, offer prices in around 120 companies, with a market value of £580m, according to Harvard Securities, one of the biggest licensed dealers. Harvard estimates that 35 companies joined the OTC in the past 12 months, of which 22 qualified for BES tax relief.

That represents a small but significant proportion of the estimated 400 or more companies which attracted investments of at least £75m under the BES in 1983-84. Mr John Moore, Financial Secretary to the Treasury, said earlier this month that well over half of that sum had gone to "young or very young start-up companies."

The USM, which raised £157m in new equity capital for its constituents in the first 10

U.S.M.

WILLIAM DAWKINS

months of this year alone, includes about 10 companies in that category. Most businesses need at least a minimum three-year trading record to qualify for admission to the USM; however, new companies may get a quotation if they have a full research project using proven technology.

Yet the generally poor reception they have received from the USM has caused anxieties for the Stock Exchange and invites the question of whether a public quotation is appropriate for companies in the earliest stage of development.

Few of the USM's start-ups have had such an unhappy time as Synterials, a Dutch producer of synthetic industrial materials, which raised £20m in new capital last December, the largest single sum ever raised on the junior market.

Mr Chris Brotchie, the

group's chief executive, says: "It would have been difficult to go for so much money from a smaller group of shareholders." But Synterials' share price has been devastated since its flotation by larger than expected losses, production problems, and the resignation through ill health of its technical director, who provided the inspiration for the group's production process.

Originally placed at 100p, the shares languished at just 35p at the time of writing. The USM has found it similarly hard to digest other start-up ventures like Bio-Isolates, which makes protein from whey. Immediate Business Systems, a supplier of computerised meter readers and Biomechanics, a maker of equipment for treating industrial effluent.

Mr Taylor argues that they would have had a less bumpy time in the private venture capital market with the active management involvement of a handful of institutional investors.

"One shouldn't really think of the USM as a provider of venture capital," he says. "Companies in that state of health need care and attention, which 100 members of the general public cannot provide. They need to become a venture and established enough to be trading at arm's length before they join any stock exchange."

The point is echoed by Mr Robin Hodgson, managing director of Graville & Co., which was a pioneer of the OTC 14 years ago and makes a market in 75 companies' shares with a market value of £200m, the biggest OTC market in terms of capitalisation.

"We seek a flow of high quality family companies which want a low profile approach to marketing shares for independence reasons," says Mr Hodgson. "Smaller high-risk ventures are not for us." Other OTC market makers, however, would not agree with this approach.

PROFILE: TONY LORENZ BY TIM DICKSON

Enthusiasm rewarded

In 1972 Tony Lorenz's then employer, PA Consultants, turned down his idea for an in-house venture capital fund (the board thought it would create conflict of interest). Between 1977 and 1980 his current employer, Equity Capital For Industry (ECI), turned away a number of promising small business deals in favour of large, and too often ill-fated public company rescue operations.

Over the last four years Lorenz, 40, has masterminded a deliberate reshaping of ECI's portfolio to the point where 60 per cent of the £250m invested or committed is in unquoted companies and the bulk of the £20m uninvested cash looks destined for the same sort of homes.

ECI, indeed, is now an independent venture capital operation and while it has yet to prove conclusively that it can back winners in the small business game, it looks much more assured of a long-term future than it did even a couple of years ago.

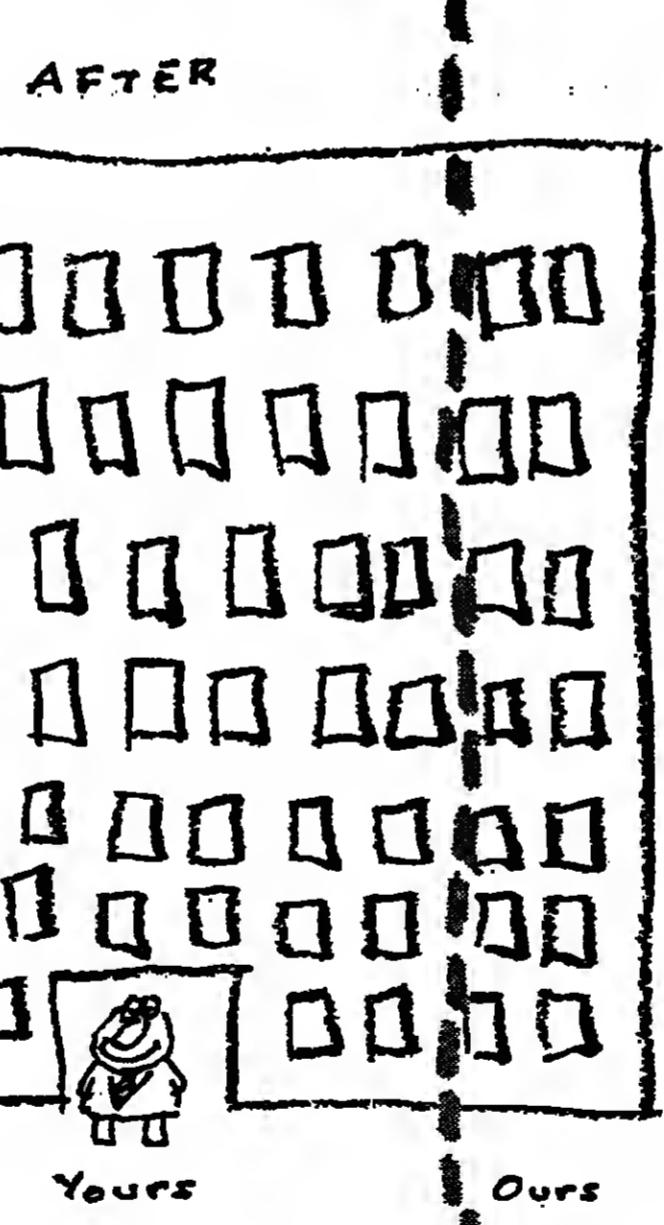
Lorenz's part in this transformation was reflected by his appointment as managing director in April last year, while his enthusiasm for the venture capital cause was rewarded by his election this year as chairman of the British Venture Capital Association (BVCA).

Lorenz, whose past experience includes spells with the Ford Motor Company as an industrial manager and with Charterhouse Development as an investment manager, is a founding member of the BVCA.

Originally an informal dining club known as the Forum, its formal establishment was encouraged in 1982 by the then Small Business Minister John MacGregor and the Bank of England. There are now 50 full members and 11 associate members of the BVCA, which is attempting to set standards for the venture capital industry as well as performing a much-needed lobbying role with Government.

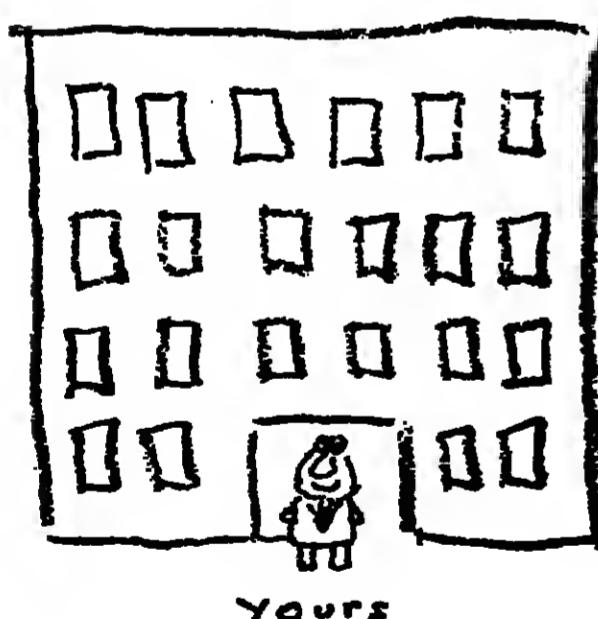
Notable absents from its ranks include the development capital subsidiaries of the four major clearing banks, the 3i Group (which includes ICFC), Charterhouse Development and the Prudential Corporation.

AFTER



THE WAY TO EXPAND YOUR BUSINESS IS TO SELL A SMALL PART OF IT.

BEFORE



One thing that all companies wanting to grow have in common is a need for finance.

For fifty years, Charterhouse has been providing capital to help companies expand.

In that time, we've become one of the largest and most successful organisations in the field.

Not just because we have the finance, but also because we have so much experience of how companies grow, the problems they face and the ways to resolve them.

One result is that we are flexible. We develop an individual financial package to suit each company, including finance from our

very successful Business Expansion Fund.

We also provide a non-executive director from our own staff to keep in touch and to offer the advice that comes from the experience of having worked in partnership with many companies.

And, as your company grows, it will be helpful in more ways than one to be supported by one of Britain's largest banking and financial services groups.

So, if you are looking for ways to expand, write for details of our development capital services to Charterhouse Development Limited, 65 Holborn Viaduct, London EC1A 2DR.

CHARTERHOUSE J ROTHSCHILD

Terry Garrett looks at the risks and rewards faced by the providers of two finance packages

Happy but cash hungry



Mr Tony Lorenz of Equity Capital for Industry.

NO MATTER how glamorous the presentation, or how confident the business projection plan, when an institution stakes up £600,000 behind a company with minimal assets, a trading record that has not reached its first birthday and operating in a market of rapidly shifting technology demanding expensive product development, then that is venture capital in its truest sense.

When Industrial and Commercial Finance Corporation put together a financial package for Croydon-based Symbiotec less than two years ago that is exactly the sort of proposition it faced.

That was immediately a risk

despite all its usual efforts to evaluate the company, its products and its potential market. Yet the willingness to take that risk has been well rewarded. Symbiotec's growth has outpaced expectations and already the company's executives are discussing further capital to finance the next stage of its growth that it is hoped, will culminate in a USM debut within two years.

The company was started early in 1982 by Rodney Cox and Wayne Sayens as a basic Apple micro-computer dealer, sharing a retail outlet with a photo-camera shop. It was a founder's little business but the founders—who had been joined by David Asford, a young man "born with a Texas Instruments computer in his hand who had just wandered into the shop"—realised that they needed something more to set them apart from the million and one other Apple dealers.

Originally the trio toyed with a product that would allow Apples to access IBM mainframes. But after three months of development it was dropped because a competitor had beaten them to it. So they then turned their attention to Winchester discs. Winchesters had been used for years as memory

overdraft and supplier credit but it was clear that if the company was going to move ahead it needed a more stable capital base and a considerable shot of fresh equity.

The company approached ICFC at the beginning of 1983.

The ICFC team, headed by Chris Masterson, crawled over the company, decided it was going places and invested £500,000.

This comprised of a package of £200,000 equity money, giving ICFC a 35 per cent stake in the business and an 11-year loan of £300,000. A bank overdraft of £150,000 was also negotiated.

Though he had not realised it at the time, one year later Chris Masterson was to join the company's management team.

The cash injection was to

refine the Winchester disc development, give a little more elbow room to working capital and, most important, to allow

Symbiotec to develop its next

product—local area networking. This enables up to 120 micro computers in one office to be linked into a larger storage device.

The company was one of the first to introduce fibre optics into local network systems to eliminate electrical interference from other office equipment. This helped it in the forefront of technology. The system was also adopted for the education market, linking BBC's school micros. In 1983 turnover had risen to £1.5m.

So far around 2,500 Winchester disc units, Symbiotec have been sold and over 600 local networks, Symbiotec, have been installed. There are also peripheral products such as Symbiotec for regular archiving of information or security copying.

Turnover in the current year should rise to £2.5m and Symbiotec is looking for its next major product development. This will be to push the local networks into regional network systems using modern technology to link to the outside world by telephone lines. But product development is cash hungry, and if the company wants to finance the rapid expansion of its existing range—turnover in 1985 is expected to top £5m—and develop fresh products more money has to be found.

So once again Symbiotec is looking for equity capital. The directors are talking to several venture capital groups though it seems unlikely that ICFC would wish to participate in another round of finance, given its existing 35 per cent equity holding.

This time it will be fresh capital that will put up the £800,000 package Symbiotec is looking for, though this is now development money and the risk looks nowhere near as great as that taken by the original backers.

Heading towards goal

THE PROTOTYPE works. A small team of electrical engineers headed by Brian Atherton and the fund managers of Granville Venture Capital have an excuse for a modest celebration. If all goes well production will start next year of a fully automated machine that could significantly improve production techniques of printed circuit board assemblies. It is early days but AMbotech is on its way towards its goal of an electronics research and development design house with a listing for its shares.

AMbotec is the brain-child of Brian Atherton and his Japanese wife, Noko. He cut his electronics engineering teeth with Vickers during the 50s and early 60s before moving on to spend three years in the Poole research laboratory of Plessey Automation.

With ex-Plessey colleagues he was a founding member of Quest Automation in 1968 but the company had the misfortune to be part of the loan portfolios of banks that went down in the 1974 banking crisis and before Quest came to the stock market Brian Atherton had departed "a disillusioned but wiser businessman."

The desire for a fresh start took him to Japan where he and his wife established a local marketing and market research company primarily serving British companies. Most of the work was on an ad-hoc basis for major groups such as Ferranti.

It was during the four years

the husband and wife team

spent scrutinising the Japanese electronics industry at first hand that they took the decision to return to the UK and go it alone with a product in the field of factory automation for the electronics industry.

They did not, however, return to the UK with any preconceived ideas of what exactly their product would be. The Athertons, with the additional backing of a £75,000 grant from the Department of Trade and Industry, AMbotech had sufficient investment to turn the technical drawings into a product—which could crudely be described as an automated method of fitting components to printed circuit boards.

From that point it was up to the four old colleagues, all working from home and linked by micro-computers, to turn out the prototype. Space was sublet in a light engineering factory and by early autumn this year the group had a machine that worked well enough to consider pre-production manufacture for field trials.

Granville had waited for this moment. It was clear from the beginning that a second stage financing would be needed if the prototype was successful. Granville, in equal partnership with British Linen Bank, has injected another £3m of cash. This leaves the Athertons and the original team with 40 per cent of the equity, Granville with 47 per cent and British Linen with 13 per cent.

AMbotech is now in the position to build four pre-production machines which should be in place next April and March with electronic groups that will conduct field trials.

We could help you build up, buy up, buy out, or get out.

If you're an unquoted company established, profitable and experienced, with expansion potential, Pegasus Holdings offers an alternative method of raising capital: equity finance.

We buy an interest in your company and inject the funds. We limit our equity participation to 10-33% and our investment to a minimum £100,000. There's no upper limit.

We've no interest in taking control, but we reserve the right to appoint a non-executive director. You still run the business.

Want to know more? Then talk to your local Lloyds Bank manager. Tell him how much you need, what for and when—and where you're going. Alternatively, contact the General Manager, Pegasus Holdings Limited, 11-15 Monument Street, London EC3R 8JU. Tel: 01-623 4275.

 **Pegasus Holdings**
A member of the Lloyds Bank Group

Venture Capital 5

How to bridge the great divide

SUSAN LLOYD of Venture Economics has this explanation for why things are stirring so slowly on the UK corporate venturing front: "In large corporations strategic decisions are just not taken quickly. The whole process is so slow. Interest is developing but it is going to take time."

The contrast with, say, decision-making by pension funds is stark: there, managers are well used to evaluating investment proposals rapidly. Returns on investment is the major criterion and the experienced fund manager will quickly have a feel for any company's prospects.

For corporations, however, there are many more reasons for becoming venture capitalists than making money. Corporate venturing is an inextricable part of corporate strategy, while, for pension funds, whether to put money into a particular company or project is essentially a tactical matter.

There may even be confusion about what is meant by corporate venturing in the first place, and there is certainly some about the best way to go about it. In corporate venturing, a company or corporation, usually large, takes minority equity stakes in other companies that are usually small, entrepreneurial, and heavily involved in new technology.

What the emergent company makes, or is trying to develop, will usually have some compatibility with the corporate venturer's present or intended activities. The corporate venture may view an investment as part of its research and development programme. It may see corporate venturing as the first step towards acquisition of new subsidiaries, technology or products. It will certainly want to make money on its investment.

There are three ways to join in: the corporation can search for likely companies and invest directly; it can set up a venture capital fund of its own and appoint its own people to manage it; or it can invest in independently managed funds, using their experts to find and assess likely prospects.

These are the options that have emerged in the U.S., where large corporations have been

steadily increasing their commitment to corporate venturing during the last few years. The whole process has highlighted what may be an unbridgeable divide between big business and small business, with professional venture capital fund managers well placed in the middle to observe both sides.

Many corporations have appeared ponderable, slow, conservative and yet still retaining much gusto. Small companies they invest in have appeared to be the opposite. They often have an ability to live with the longer timetables needed to develop new technology, while not worrying about it.

Conflict is almost inevitable and this is a principal reason why professional fund managers advise against two do-it-yourself

Corporate venturing

IAN HAMILTON FAHEY

approaches to corporate venturing—direct investment or setting up your own fund. Self-interest of the part of fund is another reason.

The fact is that large corporations do not rest easily with small companies. Research directors develop what has become known as a "not invented here" syndrome and try to kill promising projects.

Entrepreneurial attitudes grate with those of corporate planners. Each side dismisses the other over the speed of decision-making.

Promising trends in the U.S. have seen corporations using corporate venturing not so much for acquisition but as a means of securing manufacturing or marketing rights to new technology and products. Such mechanisms have traded on the natural strengths of the small company to break new ground and the complementary strengths of the corporations in managing mass production and sales.

Apart from proving a valuable tool for corporate evolution and development, these mechanisms

Slowdown but City enthusiasm remains

Management buy-outs

TIM DICKSON

IN PUBLICITY terms at any rate 1984 has been a good year for management buy-outs.

Following the first-ever company buy-out in the autumn of 1983, the computer maintenance group DPCE, several others have achieved a Stock Exchange listing in the last 12 months.

Sarsota Technology, bought off Redland a couple of years ago for £5.4m, carried a price tag of more than £23m, where dealings started earlier this year (though the price has since slipped). Stone International, the former electrical engineering division of Stone-Platt, came to the market in a blaze of glory in September, and Wardle Storeys, the old Bernard Wardle backed by Hill Samuel and Electra in a £5m buy-out from Graham Ferguson Lacey's NCC in 1982, reappeared in the public gaze earlier this month with a capitalisation four greater at just over £20m.

Sarsota, Stone and Wardle Storeys are, of course, exceptions, but their success will have encouraged the many management teams in the UK which continue to dream of controlling their own businesses.

Management buy-outs—the name is recent, the phenomenon is not—began to capture the imagination from 1980 as the recession put pressure on large chunks of British industry and forced major companies to divest their more peripheral activities.

Managers in some cases saw an opportunity to secure their independence and, freed from the burden of head office overheads, a chance to run their businesses more efficiently and more profitably.

The signs are, however, that the spectacular increase in "buy out" activity of the last few years has now levelled out, or even fallen away.

Says Roger Brooke, chief executive of buy-out specialist Creative Investments: "We have only done a couple of 'classic' management buy-outs this year, though we have also backed a couple of management teams hoping to repeat in a new company what they have done successfully as employees."

The Financial Times publication, Mergers and Acquisitions for 1984, meanwhile, lists almost 80 management buy-outs recorded in the FT in that 12-month period; with only two months of the current year to go the FT has recorded just over 50 management buy-outs.

County Bank, an avowed buy-out enthusiast, has completed

four deals worth £2m this year, compared with ten worth £5m in 1983, and ICFC which does more individual buy-outs than anybody else, also reports a significant drop.

This picture is confirmed by Mike Wright and John Coyne of the University of Nottingham. They, nevertheless, point out that more unpublicised deals are being done through the clearing banks, through local enterprise boards, Business Expansion Scheme funds and local authority industrial development divisions.

Management buy-outs are very much here to stay, though in future they are more likely to be seen as one of a range of options for major companies and management teams.

Enthusiasm in the City of London is still widespread, a point confirmed by a new survey of over 100 financial institutions in this year's Special Report by the Economist Intelligence Unit (EIU). More than 40 responses were received, displaying keenest interest in this form of financing than ever before.

Another trend picked up by Wright and Coyne is traditional institutions' preference for the bigger deals and the interest which has been generated in Continental Europe. Paribas and Banque Nationale de Paris, for example, have both set up management buy-out subsidiaries.

The advantage for investors is that, if all goes well, a remarkably quick turnaround can be achieved. Assets bought at a discount can be made to perform by the right management team and freed from often expensive group overheads, a loss-maker can quickly show healthy profits.

This formula has proved an attractive proposition for venture capital and eager to show quick performance. There are, of course, pitfalls—high debt to equity ratios, the illusion of stock profits and management inexperience or gaps—but while growth may be less exciting than that of some start-ups, the casualty rate is obviously a good deal lower.

ICFC puts it at one in seven, compared with one in three for new companies.

With the growing maturity of the buy-out phenomenon, an increasing number of deals these days are being negotiated from a position of strength.

This means that management teams are paying a fancier price for their independence than they would have done three years ago.

"West Midlands engineering assets sold at a 45 per cent discount in 1981 are in some cases going for a 5 to 10 per cent premium these days," says Mr Coyne of Nottingham

Selling in 1985

Not many advisers made 30 venture capital placings last year, but we did.

Raising venture capital is a very specialised business. You need to know what is "backable", who to talk to and how to talk to them.

Robson Rhodes's record speaks for itself.

We are chartered accountants with a full time multi-disciplinary team that specialises in finding venture capital.

Our service includes an initial appraisal, advice on business strategy, helping to formulate the business plan, negotiating the finance and then monitoring and helping develop your business.

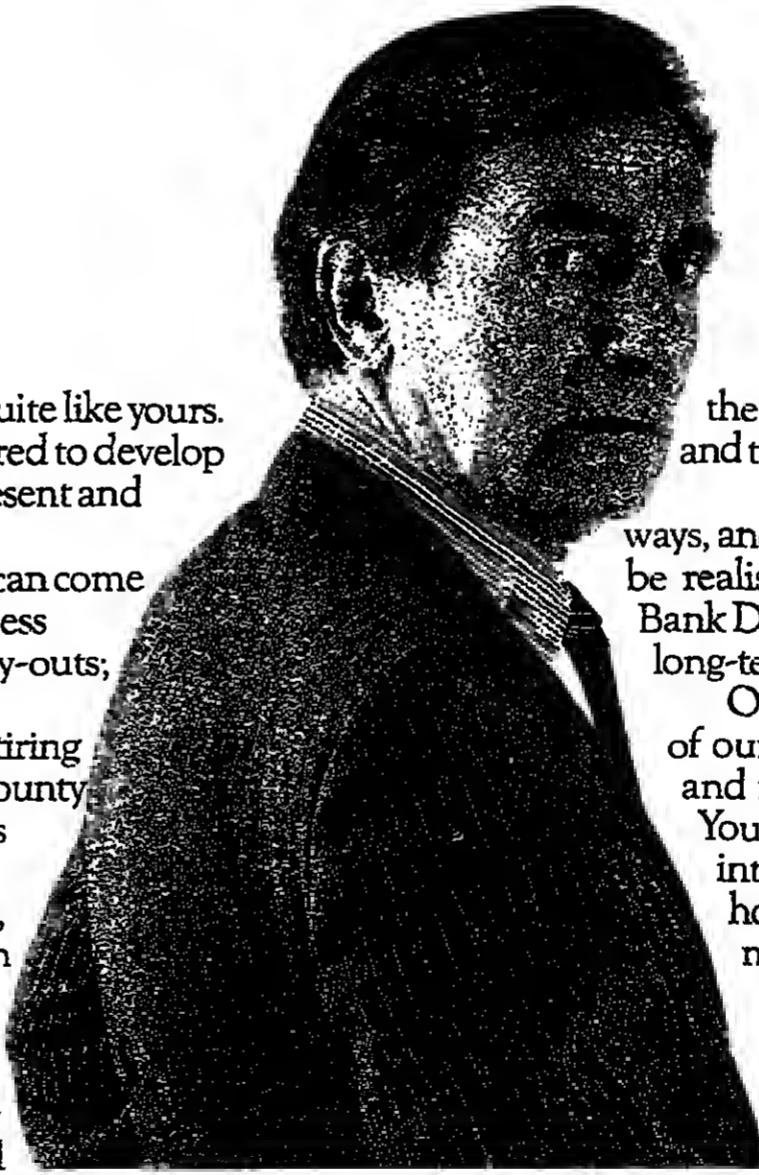
Most important of all, perhaps, from your point of view, we are completely objective and independent.

We would not seek options on your company's shares.

To find out more about one of the most respected teams in the City, ring Robson Rhodes now on 01-251 1644. Ask to speak to one of our team managers: Charlie Brown, Martin Jelbart, Keith Mitchell or Anoop Treon.

ROBSON RHODES
186 CITY ROAD, LONDON EC1V 2NU

No other business needs finance quite like yours.



No other business is quite like yours. Therefore, the finance required to develop it should be tailored to its present and future character.

Development capital can come in many forms to assist business expansion: management buy-outs; management buy-ins; or an investment in shares from retiring shareholders, for example. County Bank Development Capital's participation may be in the form of shares, loans, leasing, guarantees, or a combination of them all with other financing ideas.

Indeed, the skill of an organisation such as County Bank Development Capital lies in putting together the most effective and economical package of available financial resources. To do this successfully requires creative expertise on the part of the bank. It requires a knowledge of your industry, your business, and your management. And very often it requires some pretty fast footwork. But perhaps the most important thing is that

the bank is sympathetic to your goals, and to your aspirations for the company.

Financial houses work in different ways, and although every investment must be realised at the proper time, County Bank Development Capital prefers a long-term relationship with a client.

Once a client, you have the benefit of our experience in corporate advice and financial management expertise. You have our support, but not our interference. When we take a shareholding in a company it remains a minority interest.

We are partners to over 160 companies, of widely differing sizes, at different stages in their corporate development.

The bank's total exposure stands at £80 million, so we are not afraid to put our money where our mouth is. If our experience can be of any help to you, or if you would like more information about County Bank Development Capital Limited, please telephone Andrew Davison, Managing Director, on 01-638 6000 or write to him at County Bank, 11 Old Broad Street, London EC2N 1BB.

COUNTY BANK
DEVELOPMENT CAPITAL LIMITED

A member of the National Westminster Bank Group.

Venture Capital 6

Profile: Lionel Anthony

Putting a foot in both camps

By Tim Dickson

LIONEL ANTHONY is best known from his days at the National Coal Board, where he worked for 22 years and where he was deputy director-general of the NCB pension funds responsible for direct industrial investment. From 1977 as managing director of CIN Industrial Investments and other companies set up for special investment purposes, he was responsible for £200m invested in, *inter alia*, 120 unquoted UK companies.

Anthony set up Causeway Capital in November last year with Mr David Secker Walker and Mr. M. David Secker Walker, a brief and embarrassing interview with Ceyzer Cartmores (Having invited Anthony away from the NCB, Ceyzer Cartmores' parent British and Com-



Lionel Anthony director of Causeway Capital. Commonwealth Shipping changed its venture capital plans. Causeway has the unusual distinction of having recently raised around £1m from various pension funds and a further £1.6m from individuals for a Business Expansion Scheme (BES) fund. Few management groups have tapped both markets.

Anthony's partner Secker Walker was a director of N. M. Rothschild for 11 years—he was ultimately vice-chairman and for seven years was a director of a U.S. venture capital firm managed by a Rothschild associate company in New York. He was managing director of Ceyzer Cartmores from September 1981 until his resignation last year.

Taking a decentralised approach

Continental Europe makes up for lost time, reports Charles Batchelor

Continental Europe has for a long time lagged behind Britain and the U.S. in the venture capital field but there are now signs that governments, investors and business men in search of funds are realising the potential of this form of capital.

The European Commission has encouraged the establishment of the European Venture Capital Association (EVCA) to promote venture capitalism and ensure a smooth flow of information on developments in the sector. Meanwhile, ten leading European industrial companies, including such names as Volvo, Fiat, St Gobain, Philips and Bosch, are setting up a trans-European venture capital organisation, known as Euroventures, with a target capital base of \$100m.

Euroventures, which is based in Amsterdam, was the idea of the 26-strong Round Table of European Indus-

trialists, comprising the chairmen and presidents of major companies. It intends to set up satellite funds in a number of European countries to be funded on a three-way basis by Euroventures itself, a local corporate hacker and by banks and other financial institutions.

This decentralised approach will, it is hoped, avoid the difficulties which killed two previous attempts to set up pan-European schemes.

European Enterprise Development and Science Enterprises plans to start work in January 1985 and its board and chief executive is to be appointed in a few weeks.

Venture capitalists in Europe face the same barriers as many other business enterprises—a fragmented market with differing national regulations, tax climates and business cultures. EVCA, based in Brussels, is to help provide advice to the European Commission on directives intended to harmonise the rules governing venture capital schemes.

Mr. Robert Ceurvorst, EVCA's secretary-general, discerns a growing interest on the part of venture capitalists in Europe to invest in the area. Previously many looked to the U.S. as a target for their funds.

EVCA's 40 or so full members had nearly 2bn Ecu (\$1.2bn) worth of funds available at the end of 1983, of which about half had already been invested in more than 2,000 companies.

The path to a uniform European environment for venture capitalists is unlikely to be a smooth one however. Already plans for a 100m Ecu (\$60m) European Innovation Loan, intended to contain a number of proposals to make life easier for the borrower, have run into difficulties.

Resistance to the idea from Britain and Germany has delayed implementation of the scheme.

At the national level new venture capital funds are being established and countries such as Germany, France and The Netherlands

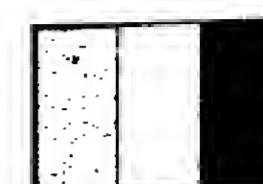
are beginning to reduce the lead built up by the UK, Sweden and the U.S.

A growing awareness of the opportunities provided by equity capital has led to increased interest throughout Europe in second and even third tier stock markets. These less formal offshoots of the main stock markets offer a handy means for entrepreneurs and investors to realise part of their capital gain.

The lower level of regulation means these markets provide a quicker and cheaper exit route though they have yet to be tested by a bear market.

The idea of a European United Securities Market traded in Ecu and based in, say, Luxembourg, has been mooted. But the pull of established markets may prove too strong. Two Dutch companies have recently obtained a listing in London—one on the USM and the other on one of the two competing over-the-counter markets.

Small businesses back in favour



France

PAUL BETTIS

become (from January) the new president of the European Commission, emphasised earlier this year that one of the weaknesses of France's industrial system is the lack of adequate links between the university world, research and enterprise compared with the associations forged by many of France's main trading partners.

The government has thus sought to create "bridges" between academic institutions and the business world. It has also encouraged the setting up of so-called technopole campus where businesses are linked with research institutions.

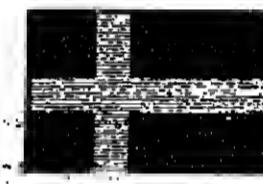
Indeed, some major French higher university institutions, like the Ecole des Mines of Paris, have set up organisations to market their research activities. M. Pierre Lafitte, director of the Paris Ecole des Mines, is also the founder of the large science park near Antibes in the south of France called Sophia Antipolis.

Some of France's large industrial groups have also been active in venture capital operations. Among these is the Elf-Aquitaine state-controlled oil group which has invested in venture capital both in France and abroad. Both the Renault and Peugeot car groups have also shown interest in high-technology ventures with applications in the motor industry.

The French nationalised banking system for its part has been answering the government's call for greater support of venture capital. Many banks have been investing in venture capital both in France and internationally.

For example, the large Suez nationalised banking group has just set up a new venture capital subsidiary called Suez Promotion whose aim is to take minority shareholdings in small and medium-sized enterprises being set up. Suez this year also set up a venture capital operation with the French Industrial Development Institute.

More cautious view is being taken



Sweden

DAVID BROWN

Of these, some 30 are regionally based concerns which tend to take majority holdings in small-to-medium-sized companies. About 20 are nationally based firms, owned by insurance companies, pension funds, investment groups and to a much lesser extent industrial firms, and working with about Skr 800m in mainly minority holdings.

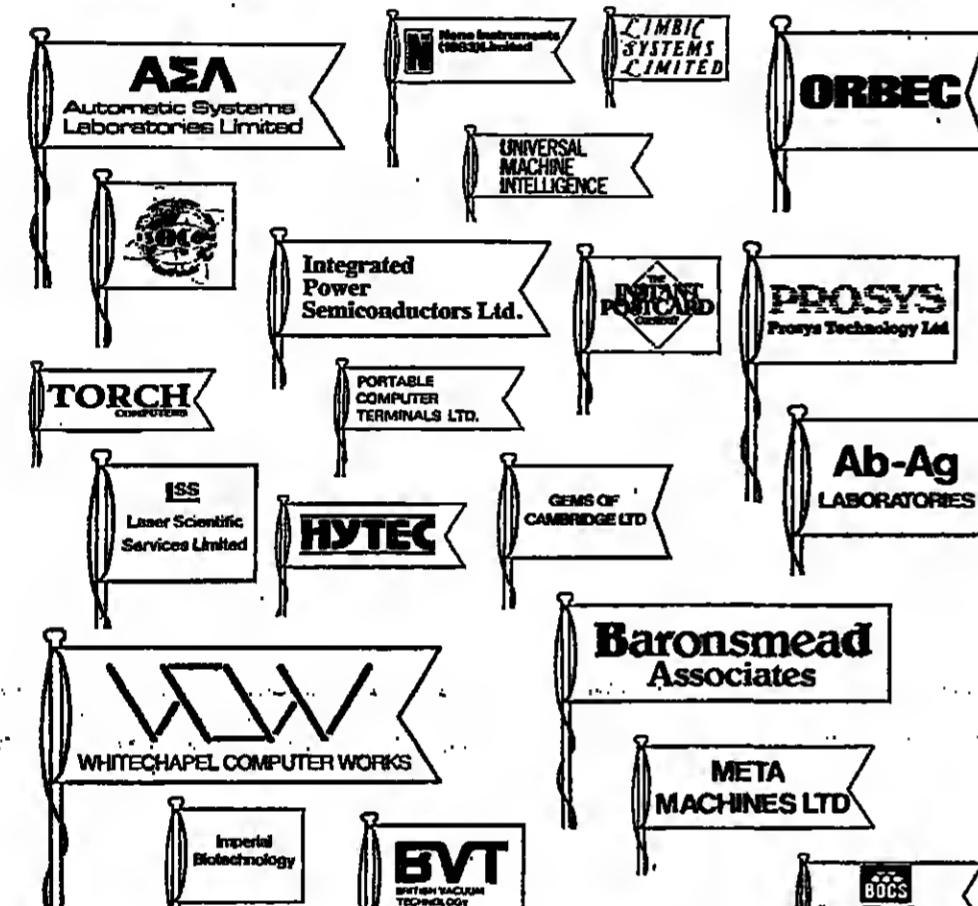
The biggest area of investment has been high technology ventures (accounting for about 40 per cent of the total placements by the larger nationally based companies), according to Dr Olofsson.

"Two years ago, there was a tendency to go right into start-up companies—two-thirds of which were less than five years old. Now we've seen some big bankruptcies and people are starting to have a much better idea of the risks and demands on management," says Dr Olofsson.

Mr. Krister Ahs, who is managing director of Venicap, says: "What we're starting to see is more consolidations, with two or three venture capital companies going into a single investment."

Mr. Ahs, who is in the middle of a fund-raising exercise, states that: "A year ago, when the market was at its peak, it would have been much easier to raise Skr 50m. On the other hand, investors today are more aware of what they're getting into."

NEW VENTURES NEED NEW CAPITAL



NEWMARKET (VENTURE CAPITAL) LIMITED

57 London Wall, London EC2M 5TP. Tel: 01-638-4551

Helping companies grow

Venture Capital

Business Expansion Scheme

Development Capital

Management Buy-Outs

Unlisted Securities Market

Over-The-Counter Market

Full Listing

Granville has a reputation for helping independent companies grow at every stage of their development.

We provide smaller companies with the finance they require and the type of financial expertise, advice and service normally reserved for larger companies.

If you would like to discuss your company's requirements please contact David Steeds or James Wellesley-Wesley on 01-621 1212 and at 27-28 Lovat Lane, London EC3R 8EB.

Granville & Co Limited

(member of NASDIM)

Right atmosphere for growth

THE West German venture capital scene has been transformed beyond all recognition in the last year or two. Coming almost from nothing, there are now around 30 venture capital outfits with an estimated DM 700m of investment funds available for young entrepreneurs—above all in the high technology field.

That is the good news—but it has to be slightly qualified. Of that DM 700m available only a very small share—experts estimate a maximum 10 per cent—has actually been invested. Of the hundreds of schemes put before the venture capital companies, the vast majority end up in the waste paper basket.

There is plenty of "capital" available and a lot of "venture" on display. What is lacking is experience and management skills.

That is not surprising. For a long time there have been weighty reasons of company structure and business psychology in Germany which have told against the rise of a thriving venture capital market.

For example, roughly three-quarters of established German companies are family-owned; most hated the idea of "going public" with a stock market listing and financed themselves mainly with bank loans, not equity capital.

The recession at the start of the 1980s, with its fatal combination for many under-capitalised companies of business downturn

and high interest rates, showed the danger of that approach.

There is now a far greater awareness of the need for injections of capital rather than credit—both for existing small and medium-sized businesses and for entrepreneurs trying to start up their businesses.

Hence the increase in the number of new stock market entrants (11 last year and around 20 this year) and the mushrooming of venture capital outside.

Hand in hand with that development has gone a very gradual change in the "security at all costs" mentality among young Germans—and their potential suppliers of finance. In the post-war decades it was far from common for, say, a young scientist or engineer to throw up a secure job in a major German company to strike out on his own.

He could not rely on the banks to support him—and the social stigma attached to failure

strikes out on his own.

The venture capital seeds have been planted and the atmosphere is about right. But the garden needs a lot of tending.

Profile: Geoff Taylor

Following "hands on" policy

By Tim Dickson



Geoff Taylor head of 3i Ventures.

Geoff Taylor came back to Britain in 1980 after 15 years in the U.S. to head up the division at Investors in Industry (3i) now known as 3i Ventures. Whereas ICFC tends to be a "passive" investor in the companies it backs, 3i Ventures prefers to adopt the American "hands on" approach and specialises in high growth companies in areas of high technology.

An Oxford engineering graduate, Taylor joined English Electric Aviation in 1959 where he went on to sell guided weapon systems from the company's marketing department. In 1964 he was transferred to the Los Angeles associate of his then employer Amplex UK and in the same year joined another LA company Data Products Inc.

Between 1966 and 1974 he held posts with Electric Memories and Magnets Inc and Vector General Inc in between helping co-found a computer products supplier called Flectec.

In 1974 he rejoined Data Products where he remained until 1980.

The two best-known companies in 3i Ventures' portfolio are LSI Logic, the U.S. semiconductor business, and Rodime, the disc drives manufacturer in Scotland which Taylor played a key part in setting up. At the end of March this year the division had a total of 32 investments, 18 in the UK and the balance in the U.S.

"Our aim is to emphasise our UK investments programme," says Taylor. "But it is noticeable that we are finding more opportunities for our type of investment in the U.S. than in the UK."

3i Ventures has now opened an office in California to monitor West Coast investments and look for new opportunities.

cause'way (-zw·),

— connection between two points, a bridge or safe route. (-z·), n.

- we bridge the finance gap between the capital market and unquoted companies
- we provide positive support to the companies in which we invest
- we design flexible capital structures to match users' requirements.

Unquoted companies seeking development capital of between £100,000 and £1m should make initial contact by telephoning or writing to:

David Secker Walker, Lionel T Anthony, Keith White, Ian Cameron, Andrew Joy.

Causeway Capital Limited, 21 Cavendish Place, London W1M 9DL Telephone: 01-631 3073

The Causeway Development Capital Fund

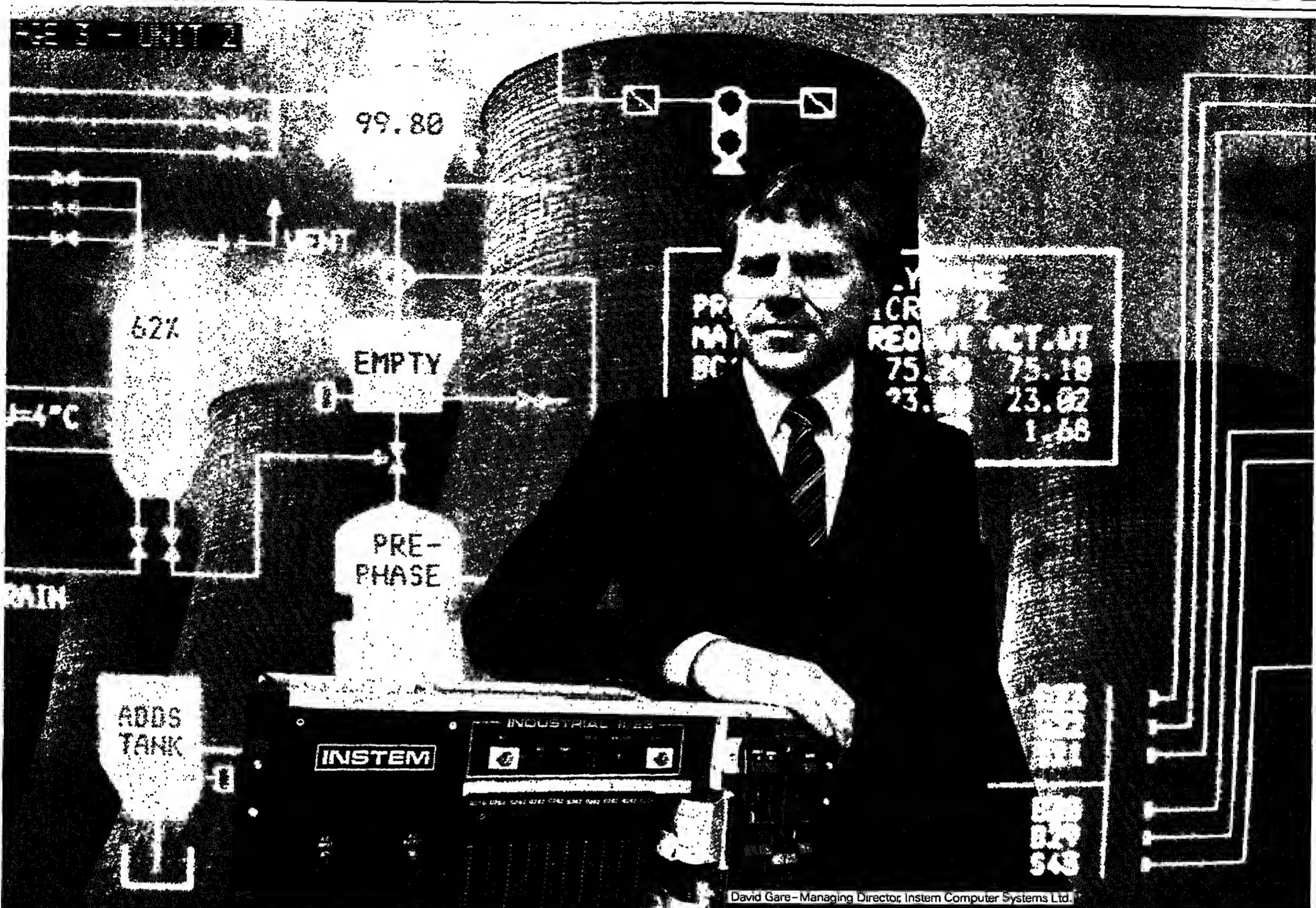
The Causeway Business Expansion Fund

Causeway Capital Limited,

21 Cavendish Place, London W1M 9DL Telephone: 01-631 3073

The Causeway Business Expansion Fund

THE ENTREPRENEUR



David Gare - Managing Director, Instem Computer Systems Ltd.

As the end of 1982 approached, physicist-turned-businessman David Gare realised he had a big problem.

Although he was managing a highly successful Staffordshire computer systems company, he felt his American parent, Kratos Inc., were becoming increasingly remote.

They had problems of their own, and couldn't spare enough time for the young, growing offspring far away from home.

Gare proposed a management buy-out. Kratos were receptive, but imposed a time window on the deal. They told him that if he came up with a proposition within one month they would consider it. That was two weeks before Christmas.

He needed a financial partner with quick reflexes.

Gare says, "I wanted someone who could work in the fastest, most flexible way possible - and also be able to negotiate with an American parent with an understanding of how the Americans thought. I called the five biggest financial companies of different types I could think of, just to get a reaction."

There was no shortage of suitors.

Four of the five could have done a deal. Two of them wanted Gare and his colleagues to take what they felt was an unacceptably high immediate personal risk in fees for putting the deal together. Another couldn't react in time.

That left Citicorp Venture Capital.

Unlike the others, they would not only put up the money, but also offered to take on the negotiations with the parent company, which is often difficult for current management to handle themselves in a buy-out situation.

"Ultimately, I chose Citicorp because they were the people most likely to conclude the most satisfactory deal in the time available," says Gare. "Their whole style is to make it easier."

Crucially, the specialised engineering group, Dobson Park Industries plc, required little persuasion to take a major share in the new company - now called Instem - because they saw a chance to gain ready access to knowledge in computer-based applications, plus a useful stake in a growth business.

With its ability to custom build high quality electronics in volume quantities, today Instem is a supplier of computer related products and systems for data acquisition, and monitoring and control to important sectors of the UK economy - including energy, water, steel - as well as science-based multinational companies.

Are you an entrepreneur? Here are some things you should know about Citicorp Venture Capital (CVC).

* Since starting up in the UK three years ago, we have invested in over 30 companies which now have a total annual turnover of over £230 million.

* We undertake two main types of venture capital financing:

"Replacement Capital" to buy-out existing shareholders and substitute a new capital structure.

This includes management buy-outs; acquisitions and mergers; and making a public company private.

"Expansion Capital" to finance the further development of a successful company, particularly during the early phases of accelerating growth.

* We are planning to invest over £100 million in venture capital in Europe in the coming years.

* We look only for a minority equity holding, because we believe that the operating management should be motivated by substantial equity ownership.

* We are more interested in the future cash flow potential of a company, and attach less importance to the "borrowing base," often called "security." Our aim is to invest in companies which will become successful.

* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.

* We are prepared to take a long term view of

investments, and will help determine the exit route most suited to the requirements of the company: the USM, the sale-on of the company, a repeat buy-out of our equity by the management, or a Stock Exchange listing.

* CVC's professional staff come from general management, technology, and manufacturing, as well as financial backgrounds. They are therefore able to understand the entrepreneur's business and investment needs, and can contribute continuing assistance and expert advice on the company's development.

* We have access to the international network of Citicorp, one of the world's largest financial institutions, with European venture capital offices in Paris, Frankfurt, Milan and London.

* For particularly large investments, we can assemble and lead a syndicate of investors.

"Senior CVC executives give the impression they are professionals in a rather amateurish market. Their 'modus operandi' is based on the phenomenally successful venture capital offshoot of the mighty Citibank."

Financial Weekly

If you need £250,000, or many millions of pounds, bring us your proposition. Contact Jon Moulton, Charles Gonsor, Mike Smith, Frank Neale, Liz Hewitt, Eric Cater, Brian Havill or Sandy Smart. We will give a quick response to your investment proposal.

Or if you simply would like a copy of our brochure containing more information, just ask Citicorp Venture Capital, 335 Strand, London WC2R 1LS. Telephone 01-438 1593.

Citicorp Venture Capital

335, STRAND, LONDON WC2R 1LS. TEL. 01-438 1593. TELEX 299831.

CITICORP

GLOBAL INVESTMENT BANKING

